

HOME NEWS

Paramilitary elements joining UDR, Roman Catholics say

From Christopher Thomas Belfast

Unionist politicians were incensed yesterday at an attack on the Ulster Defence Regiment by Roman Catholic political leaders. Mr Humphrey Askew, Secretary of State for Northern Ireland, said the UDR was a "loyalist" paramilitary unit.

The UDR, which was established on January 1, 1970, has about 8,000 soldiers serving in 11 battalions. Three quarters of its members are part-timers. The Regiment operates mainly at night and at weekends and undertakes the full range of military duties except riot control.

The paper was prepared as the party's first submission to Mr Askew in talks covering security, the EEC and economy, all matters which are not being discussed at the constitutional conference. The talks, which opened at Stormont Castle on Wednesday, will be resumed in three days.

The SDLP said that future security policy envisaged the continued "ulsterization" of security, involving the gradual withdrawal of British Army personnel and their replacement by the Royal Ulster Constabulary and the UDR. That would cast the RUC in an ever-increasing paramilitary role.

The UDR, which in Ulsterisation becomes the RUC's basic service, has by far the worst record for any regiment presently in service with the British Army forces on land, sea or air, the party said.

A sharp reply by the Rev Ian Paisley, leader of the Democratic Unionist Party, rejected the "vicious" comments, which were part of the overall plan to get Northern Ireland out of the United Kingdom.

The SDLP said that every serving UDR man should be

security rescreened to root out paramilitary elements. "Until this is done the regiment will be identified among the minority community as a menace to, rather than a support for, law and order."

Both the RUC and UDR were overwhelmingly drawn from the loyalist tradition (96 per cent and 93 per cent respectively) and therefore were completely unrepresentative of the community at large. "This is an extent represents Westminster's failure to convince the minority that the dispensation of justice here is even-handed," the party said.

The emergency powers legislation was also severely criticized. Although the measures were designed to combat specific terrorist activity, they had been used increasingly in addition to devices to gather and computerize information.

"Their impact has also been discriminatory, bearing most heavily on Catholic areas even though para-military terror groups operate with equal ferocity in both traditions."

One of the most serious consequences of the continued operation of the Emergency Powers Act had been the involvement of the police and army in patterns of grave breaches of the law, the SDLP said.

In a reference to the appointment of Sir Maurice Oldfield to coordinate the activities of the police and army, the paper says: "The primacy of law and order has been challenged by the appointment of a former undercover surmo to head security and by the announced expansion of undercover activities which are inherently dismissive of legal convention."

Bombs start fire: Two incendiary bombs exploded in a furniture store in Belfast yesterday. Two men entered the store, in Woodstock Road, planted the devices, ordered out the staff and escaped in a hijacked car (The Press Association reports).

The bombs exploded moments later, starting a severe fire.

Ulster backs plea for more EEC funds

From Our Own Correspondent Belfast

The Northern Ireland Office has told the United Kingdom's 81 European MPs that it would welcome a new or greater role for the use of EEC funds in Ulster.

A briefing note to the MEPs supports a resolution tabled in the European Parliament urging the Commission to make proposals on how additional EEC resources might be made available to the province.

The resolution was tabled by Mr John Hume, European MP and leader of the Social Democratic and Labour Party. He said that the Government's support increased the possibility of his resolution succeeding. He has the support of the 113 members of the socialist group.

The Government's note says: "Northern Ireland suffers from acute social and economic problems. It has the highest unemployment rate in the United Kingdom and many other social indicators show a higher level of deprivation than in the rest of the United Kingdom."

It says that unemployment is 11 per cent, and earnings are about 59 per cent of the EEC average. The decline of traditional industries means heavy reliance is placed on incoming companies and financial assistance to industry is more generous than anywhere else in the United Kingdom.

The note adds pointedly: "The United Kingdom's general ability to help depressed regions is handicapped by the large net cost to it of the Community budget."

Northern Ireland has commitments of £40m for 1978 and 1979 under the regional development fund; the European social fund allocation for 1979 is estimated to be £30m; the Commission proposes an allocation of £52m for aid to tourism and artistic enterprises.

A share of a proposed £11m allocation to the United Kingdom for areas affected by the decline in shipbuilding will go to Belfast.



Captain Kelly Hamilton, aged 30, a woman stratotanker pilot in the United States Air Force, at RAF Fairford, Gloucestershire, yesterday, after a refuelling mission.

Leicestershire plans to cut careers staff by 40%

By Mark Jackson of The Times Educational Supplement

Leicestershire is to cut the staff of its county careers department by 40 per cent, by far the biggest reduction so far contemplated in the local authority careers service.

The news is likely to embarrass Mr James Prior, Secretary of State for Employment, today when he presents the first report of his department's careers service branch and inspectorate, who supervise the local authority departments.

He is presiding over the conference because of the importance that ministers attach to the careers service. They have repeatedly said that it has a vital role.

shire, whose careers department is already about a fifth below the strength recommended by the Department of Employment, will draw attention to the anomaly under which education authorities responsible to the Department of Education and Science run careers departments, which are Mr Prior's responsibility nationally.

The cut of £100,000 in Leicestershire's careers staff budget represents about 0.1 per cent of the county's education budget, which is being reduced by 6 per cent.

The National Union of Teachers, who say they question the statement that the proposals are unlikely to mean any redundancies among teachers, are balloting their members on whether to strike next month.

Magazine director given a suspended jail sentence

From Our Correspondent Nottingham

The managing director of a magazine who was known as "God" to his workers was described by a judge yesterday as "an unscrupulous humbug".

Mr Guy Wayne, aged 72, was given a nine months' suspended prison sentence and ordered to pay £5,000 towards the prosecution costs of his four-week trial.

Mr Wayne, of Colston Bassett Hall, near Nottingham, said to Judge Denis Lloyd: "This is a gross miscarriage of justice. I am not guilty and shall appeal."

The judge told him that he was not an honourable man and people he dealt with in future would know he was dishonest. Mr Wayne was convicted on two charges of conspiracy to

defraud advertisers over an eight-year period by falsely inflating the circulation figures of two magazines, *The Times* and *Observer*. He was cleared on a third charge.

His former deputy managing director, Malcolm Campbell, of Fishpond Drive, The Park, Nottingham was convicted on two charges and cleared on one. He was fined £650, but there was no order for costs.

Mr William Joss, for the defence, said Mr Campbell had suffered financial ruin as the result of his association with Mr Wayne.

The company's chartered accountant, Arthur Dewey, aged 55, of Victoria Road, West Bridgford Nottingham, was cleared on all charges.

Councils will try for plan to avert block grant

By Christopher Warman Local Government Correspondent

Local government leaders saw Mr Michael Heseltine, Secretary of State for the Environment, yesterday to try to persuade him that the Government's proposals for a new block grant system are not necessary.

They are united in their opposition to the block grant, which they believe will mean Government interference in the decisions of each individual council, and are hoping they can get the proposals dropping from the Local Government, Planning and Land (No 2) Bill.

Mr Heseltine believes the block grant system for financing local spending is the way to achieve the overall control the Government wants, and he therefore gave little hope the local authority leaders that he would change his mind.

Mr Heseltine did, however, tell them that if together they can produce an alternative plan which will both satisfy them and fulfil the Government's criteria, it will be studied seriously.

Sir Godfrey Taylor, chairman of the Association of Metropolitan Authorities, said after the meeting that they believed council spending and ratefixing should be in the hands of the locally elected representatives.

He said the associations will be putting forward a paper with alternative proposals.

Bars may close at Christmas

Most managed public houses may be closed for the whole of Christmas Day from this year if the breweries yield to growing pressure from within the biggest trade union representing managers.

The annual conference of the National Association of Licensed House Managers in April is likely to approve resolutions calling for a campaign for closure on Christmas Day.

Dr Graham jeered as he preaches

From Trevor Fishlock Oxford

Dr Billy Graham faced some jeering and carols as he preached his evangelist message in Oxford town hall last night.

As he called on the 1,000 people there to stand and recite the Lord's Prayer there was a clear shout from the back of the hall: "This is the psychology of fascism."

But Dr Graham did not falter as he spoke the prayer. Nor did he pause at the other shouts and murmurings which punctuated his familiar message to people to make a commitment to God.

He kept going even when a fireball rang loudly through the hall for two minutes. Raising his voice, he cried: "You can communicate with God through Jesus Christ and you need never be lonely."

Dr Graham could not know that about halfway through his preaching the television transmissions to three of the five

overflow hall in the neighbourhood, seating about 5,000 people who could not get into the town hall, were suddenly ended. Apparently cables had been disconnected.

The organizers of Dr Graham's visit to Oxford had expected trouble after some faint rumblings of protest in the city.

Just before the evangelist went to the lectern to begin his preaching, Canon Michael Green, one of the organizers of the visit, quoted from a slip of paper which had been distributed outside the hall by "Oxford anarchists". The paper said: "Warning. This man operates by working his audience up to mass hysteria. He supported Nixon over Watergate, and the bombing of Cambodia. He is likely to ask for your money."

If any people in the audience had been expecting the sort of high-powered approach with which Dr Graham has made his

reputation over the past thirty years they were disappointed.

The evangelist, aged 61, never intended to bring to Oxford the show business style of evangelism that has characterized his work. He was determined to try a quieter approach. And after a fall in his hotel shower, in which he cracked two ribs, he necessarily had to remain in a low key.

He stood in front of a white cross, told cosy, home-spun stories and quoted familiar scriptures. He discussed loneliness and urged lonely people to embrace God and end their loneliness.

At the end he asked those who wanted to make a commitment to God to remain behind in the hall: "Say yes to Jesus tonight."

Most of the audience, many of them young people, left the hall, but as a small choir softly sang, about 150 remained to pray with Dr Graham.

Teachers angry as another county plans £8m cuts

By Our Education Correspondent

Staffordshire is the latest target of the National Union of Teachers' anger. A local union delegation will meet Mr Mark Carlisle, QC, Secretary of State for Education and Science today to tell him that the authority's proposed spending cuts will put all parts of the education service in the county at risk.

Staffordshire was planning to cut more than £8m, amounting to a 5 per cent reduction in its education budget, in 1980-81, and was considering a further 5 per cent cut in the same year, the NUT said yesterday.

It was also planning to close 33 schools by the summer of next year, which would involve the loss of 80 teaching posts. Already last year 433 teaching posts had been cut. Over the next five years the county was proposing to cut a total of £18m from its education budget.

Mr David Lighthorn, chairman of the Staffordshire education committee, confirmed that his committee had last week approved proposed cuts of £8.25m and the closure of 33 primary schools over the next year.

But the claim that the county was considering any further cuts was "scurrilous, argumentative and not correct".

Change in Bill urged to save short tenancies

By John Young

An amendment to the Housing Bill which would permit the continuation and expansion of short-term tenancies in the public as well as the private sector is to be suggested to the Department of the Environment.

The amendment is being proposed by Shelter, by the Housing Emergency Office and by the National Federation of Housing Associations. It arises from concern at the implications of extending security of tenure to the public sector, which includes housing associations.

Under the Bill an exception is made for tenancies of properties that have been acquired for development. The amendment would seek to include those which have been let on an agreed short-term basis pending renovation or improvement.

Without such a change in the Bill, it is feared that councils and housing associations which have agreed to make houses and flats available on a temporary basis will seek to evict the tenants before the Bill comes into force. That has already happened in the case of the Peabody Housing Association, which recently gave notice to about fifty tenants in London.

Mr Thomas Hearn, Director of the Peabody Trust, said yesterday that the Bill failed to recognize existing short-term tenancies or to make provision for new ones.

Labour's nuclear weapons rebels are rebuked

By Our Political Editor

The two Labour frontbench spokesmen who voted against shadow Cabinet policy on nuclear weapons last week have been told by Mr James Callaghan, Leader of the Opposition, that they will not get away with it again.

Mr Neil Kinnock, MP for Bedwely and a spokesman on education, and Mr Leslie Hunkin, MP for Newcastle and a spokesman on industry, accepted yesterday the need for frontbench discipline. But Mr Callaghan is now insisting that they withdraw their signature from the motion opposing cruise missiles in Britain.

Big rise in air security levy

Airline passengers will have to pay through their ticket a security levy increased by 95 per cent to £1.60 from today. The Board of Airline Representatives in the United Kingdom has protested to the Government.

The board also criticized the Government's decision to finance the £400m development of Stansted airport largely through revenues at Heathrow. It was "inequitable" because most airlines using Heathrow would never use Stansted, it said.

'Danger' in BR historic buildings policy

British Rail's decision to give away redundant historic buildings to conservation bodies and others, reported in *The Times* yesterday, was sharply criticized last night by Mr William Bell, chairman of the historic buildings committee of the Greater London Council, as a "dangerous precedent".

The historic buildings committee has the responsibility of seeing that owners of historic buildings, of which there are many in London, including a number of British Rail's, observe their statutory responsibilities. It does not have financial responsibility for the upkeep of those buildings.

British Rail, which invited towns and cities with redundant railway historic buildings to "take them off our hands" and put them to other use, should make an appropriation in budgets for their upkeep, Mr Bell said.

Registration of homes for old to be reviewed

Mr Patrick Jenkin, Secretary of State for Social Services, is reviewing arrangements for the registration of private and voluntary residential homes for the elderly, he said yesterday.

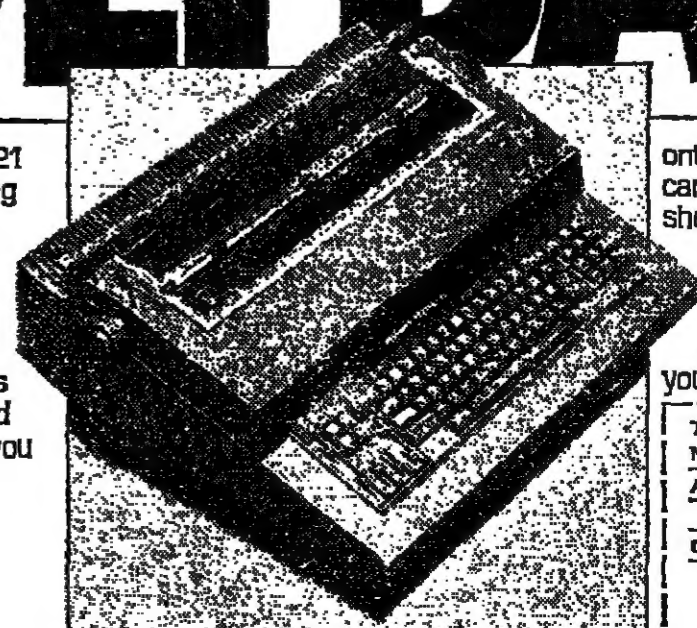
Mr Jenkin was answering a question in the Commons from Mr Alfred Morris, Labour MP for Manchester, Wythenshawe, who had asked for an inquiry into private institutional care for elderly people to make sure that they were not exploited.

Mr Jenkin said that he would take up with Lord Hailsham of St Marylebone, the Lord Chancellor, the question whether the owners or staff of homes for the elderly should be made ineligible to benefit by gifts or through bequests from those in their care.

Killer marries former censor's daughter

Mr James Boyle, aged 35, who is serving a minimum 15-year life sentence at Barlinnie prison, Glasgow, for murder and assault, was married at a register office in Balfour, Central Scotland, yesterday. Dr Sarah Trevelyan, aged 29, daughter of Mr John Trevelyan, the former film censor,

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HOME NEWS

Leading doctors say Bill will mean more septic abortions

By Annabel Ferriman

The Abortion (Amendment) Bill will result in a return to the "separate" of septic abortions, 70 leading doctors, surgeons, and professors of obstetrics and gynaecology say in a letter in *The Lancet*.

The Bill, sponsored by Mr John Corrie, Conservative MP for Ayrshire, North and Bute, is due to reach its report stage on February 8.

The signatories say that although the Bill was presented as a modest measure aimed at eliminating late abortion, they regard it as "a most swinging attack which would, according to one of its supporters, cut abortion by two thirds and 'destroy the charlatans'."

The letter says that a reduction in the upper time limit to 24 weeks is acceptable but that 20 weeks is too early and will cause suffering in the small number of cases where, unapparently, late abortion is necessary.

An upper time limit of 20 weeks will inevitably mean that many doctors will be unwilling to do terminations after 16 or 18 weeks because of the impossibility of being absolutely certain about gestation dates.

The signatories include: Sir George Godber, former chief medical officer at the Department of Health and Social Security; Sir Richard Doll, pro-

fessor of medicine at Oxford University; Dame Josephine Barnes, president of the British Medical Association; the presidents of the Royal College of Physicians, the Royal College of Surgeons, the Royal College of General Practitioners, the Royal College of Psychiatrists, the Royal College of Pathology and the medical and surgical Scottish royal colleges.

They maintain that the Abortion Act, 1967, reduced human suffering, that the early abuses have been eliminated, and with the exception of the regional differences in the availability of health service abortions the Act was working well.

The Bill will do nothing to remedy that weakness and by destroying the charities will deny women in many areas access to legal abortion, the letter says.

"Septic abortion, which caused so much illness and suffering, has been greatly reduced by the 1967 Act. A report from the DHSS for 1972-75 showed that only 10 of 235 maternal deaths in those three years were due to illegal abortion compared with 98 out of 579 in the years 1964-66."

"Because of the Bill's restrictive nature there is a real danger that if Mr Corrie's Bill is passed by Parliament septic abortion could become a scourge in this country once again," it says.

Waste denied by London Transport chairman

By Michael Bailey

Transport Correspondent

Mr Ralph Bennett, chairman of London Transport, yesterday denied allegations of waste and extravagance made by Mr Leslie Chapman, a fellow board member in a confidential report in December.

He referred to six weeks of "trial by headline" in his statement, made several hours before receiving the report on Mr Chapman's allegations from London Transport's auditors.

The Greater London Council, which received a copy of the 100-page document in the afternoon, said it would not comment until the report had been studied.

Mr Bennett made his earlier statement, he said, because the GLC had asked him for explanations of Mr Chapman's allegations simultaneously with the auditors' report. He had prepared it beforehand and released it to the press and the GLC.

Later, having read the auditors' report, he said it "appears to be very much in line with our own conclusions". It did not bear out the allegations of "disgraceful and indefensible" practices over cars, chauffeurs and catering, but found London Transport was "very much in line with practices of organizations of similar size."

For example, London Transport had 160 cars, not 224, and Mr Chapman's claim of £20-£30 free meals in the executive dining room, used for entertaining important foreign visitors, was "substantially over-stated."

As to Mr Chapman's "more sweeping" allegations of inefficiency and waste in the organization, costing up to £500 a year, the report found that "the evidence is pretty thin".

Mr Bennett said. He would report on that to the GLC. Mr Bennett said his office was 900 sq ft because it was built that way fifty years ago, and partitioning or reconstruction in a grade one listed building would lead to allegations of architectural vandalism.

It filled the additional role as a boardroom.



Lord Snowden, chairman of the working party on integrating the disabled, talking to Mr Derek Child, who is blind.

Snowdon call to help the disabled

By Pat Healy

Social Services Correspondent

A plan for an "affirmative action" programme to help disabled people to find employment was made in London yesterday.

Mr Colin Low, president of the National Federation of the Blind and a lecturer in law at Leeds University, said similar programmes existed in the United States.

They should be used in Britain to bolster the quota system on disabled employment.

Affirmative action programmes are widely used in the United States to help women, blacks and disabled people to find employment in areas where they have previously been excluded. They involve quota systems for various minority groups and incentives and sanctions to persuade

employers to change either the entry qualifications or the nature of the job.

Mr Low was speaking at a press conference to launch the second report of the Snowdon working party on integrating the disabled, which publishes evidence from more than 200 disabled people and 160 organizations.

Lord Snowden, who is chairman of the working party set up in 1974 by the National Fund for Research into Crippling Diseases, said his priorities were work and mobility for the disabled.

"We are all disabled to some extent," he said. "The barriers arise when people can no longer cope with their handicap. Suddenly, they are set apart and made to feel an exception and even, perhaps, a nuisance," he said.

Disabled people must have the opportunity to work like everyone else, he said. They must also have the opportunity to enjoy life.

Integrating the Disabled. Evidence to the Snowdon Working Party (National Fund for Research into Crippling Diseases, Vincent House, Springfield Road, Hove, Sussex, RH12 2PN, £2.50).

Home Office ordered to disclose documents

By a Staff Reporter

The Home Office has been ordered to disclose first secret documents to a prisoner suing for false imprisonment over his detention in a control unit at Wakefield Prison in 1974.

Mr Michael Williams claims that his detention was unlawful because the unit's regime specified that prisoners should be held in isolation for 90 days, while the prison rules state that no prisoner can be held in isolation for more than a month without a review.

Mr Justice McNeill ruled in the High Court that documents Mr Williams said he needed to fight his case should be released. The Home Office has applied for leave to appeal.

Mr William Whitehead, the Home Secretary, had refused to release them on the ground that their production would be "injurious to the public interest."

He said they were communications between ministers and to or from ministers on the formulation of policy on control units, and records of meetings on the subject attended by ministers.

He thought they should not be published because of the need for freedom of expression between ministers and the need for full and uninhibited advice from officials to ministers.

Mr Justice McNeill said that an issue in the case was "that limited right of personal freedom protected by the Prison Act and the rules thereunder which is preserved for a prisoner."

The judgment, which was given in the Queen's Bench Division on Tuesday, was published yesterday.

Mr Justice McNeill said the plaintiff should not be barred from a fair trial on all the relevant material unless the public interest immunity prevailed.

He went on: "I was shown a document, one of the documents for which immunity was sought but which came into the possession of the plaintiff's solicitor."

In my view it reinforces the point of certainty the view which I had tentatively reached that, as a matter of reasonable probability, the documents were likely to contain material supportive of the plaintiff's case."

The court's decision was expected to be followed by the Home Office to modify the behaviour of difficult prisoners. A prisoner was held in isolation for two periods of 90 days and if he misbehaved had to begin again from stage one.

The units were abolished less than a year later because of an outcry from civil liberties and prisoners' rights groups.

Miss Harriet Harman, legal officer of the National Council for Civil Liberties and solicitor acting for Mr Williams, said yesterday: "It is an important and principled decision."

"The Home Office is obsessively secret about its activities, so it is normally difficult to call them into question." The court order would make possible a proper trial of the issues.

"It is not fair for a prisoner to have to sue the Home Office with both hands tied behind his back."

Juvenile and adult crime keep in step

By Peter Evans

Home Affairs Correspondent

Although the Government is committed to making proposals this year to reform the much criticised Children and Young Persons Act, 1969, a report today says there is no evidence that it has affected juvenile offences.

The report, *Some Facts about Juvenile Crime*, comes from New Approaches to Juvenile Crime, a body supported by the Home Office, concerned with young offenders.

It says the relationship between juvenile and adult crime rates has remained fairly constant over the last decade. Juvenile offenders generally comprise about 30 per cent of all offenders in England and Wales.

The rate of crimes committed by boys peaked in 1974 and since then has fallen in three of the past four years.

"Seven per cent of those aged between 14 and 17 found guilty of or cautioned for indictable offences in 1978 were involved in violence against the person, sexual offences or robbery. The majority of juvenile offenders in the same year were involved in theft or handling stolen goods," the report says.

The number of juveniles committed to borstal rose from 818 in 1969 to 2,117 in 1978 and those sent to detention centres increased from 2,228 in 1969 to 6,303 in 1978. Three quarters of the juveniles leaving detention centres and 85 per cent of those leaving borstals are convicted of further offences within two years.

The chairman of New Approaches to Juvenile Crime is Lady Faithfull and the organizations backing it are: The Association of Directors of Social Services, British Association of Social Workers, Conference of Chief Probation Officers, National Association for Care and Resettlement of Offenders, National Association of Probation Officers, National Council of Social Service, National Council of Voluntary Childcare Organizations and National Youth Bureau.

Dyslexic plea is rejected

A father yesterday failed in the High Court to compel a local education authority to pay the cost of educating his dyslexic son for the past five years at independent boarding schools, and to provide special education for him.

Mr Justice Goff, sitting in the Queen's Bench Divisional Court, said that Cornwall County Council had not acted unreasonably in deciding that Nicholas Reynolds, now nearly 16, could receive suitable education within the state system.

Lord Widgery, the Lord Chief Justice, agreed that an action brought by Mr Michael William Reynolds, the proprietor of a tropical bird garden, of Glammar, Treillick Road, Hayle, Cornwall, against the county council and Mr Mark Carlisle, Secretary of State for Education and Science, should be dismissed.

The court made an order for costs against Mr Reynolds, but directed that it should not be enforced without leave.

Whitehall unions set up contingency 'mirror image'

Plan to paralyse government

By Peter Heennessy

Civil Service unions are planning to paralyse the heart of central government, including the House of Commons, 10 Downing Street and ministerial private offices, should their pay negotiations break down.

They are about to establish a joint working party designed to counter the work of the two secret Cabinet committees which Mrs Margaret Thatcher has charged with finding ways of mitigating the consequences of Civil Service strikes on the government machine and the public.

A senior union official said that the working party would be the "mirror image" of rival contingency planners sitting on the Cabinet's Economy Civil Service Committee and the Economy (Official) Civil Service Committee, details of which were published in *The Times* on Wednesday.

The Cabinet committees "are fighting last year's battle," he said. Most of Whitehall's winter of discontent last year was caused by the two largest Civil Service unions, the Civil and Public Services Association and the Society of Civil and Public Servants. This year, a wider range of targets, including the whole spectrum of Civil Service work could be selected, as more unions are involved.

The idea of a joint union working party arose at a meeting of general secretaries on January 22. Mr Anthony Christopher, general secretary of the Inland Revenue Staff Federation, proposed a plan of co-ordinated action, which was received warmly by his peers.

The working party will consist of union deputy general secretaries, including Mr Alistair Graham of the Civil and Public Services Association, Mr Campbell Christie of the Society of Civil and Public Servants, Mr Cyril Cooper of the Institution of Professional Civil Servants, Mr Frank Swift of the Inland Revenue Staff Federation, Mr John Sheldon of the Civil Service Union and Mr Peter Jones of the National Staff Side of the Whitley Council.

Its first task will be to appeal



Mr Anthony Christopher: Proposed plan for action.

to union members for a "fighting fund" of £2m. Attention will be paid to areas of possible disruption, especially the commanding heights of Whitehall. "There is a Clausewitzian air about this year, it is being planned as if it were a military strategy," a union official said.

Details of Ministry of Defence contingency plans designed to sustain the procurement of vital defence equipment, and implemented during the Civil Service computer strikes of February-May last year are disclosed in a report by Sir Douglas Hensley, Comptroller and Auditor General, Parliament's spending watchdog.

Referring to a walkout of staff at the ministry's Liverpool computer centre, Sir Douglas writes in Volume 1 of the *Appropriation Accounts 1978-79*: "In the unprecedented circumstances, the ministry's overriding objective was to safeguard the continuing provision of industrial productive capacity and so maintain the supply of equipment which they considered would have been put at risk if there had been any serious disruption in the flow of money to the suppliers."

"They therefore made special arrangements for a few senior staff with financial, contractual or accounting experience to authorize and advance payments to contractors from March until the progressive restoration of normal payment processes could be resumed by late July, removed the need for special payment procedures."

Coroner's warning about guards for open fires

A warning of the "absolute necessity for open fires to be guarded by a closely fitting, small mesh screen guard," was given by Coroner Kenneth Treasure, the Greater London Coroner, at the inquest yesterday on four children who died in a fire at their home in Risco, Gwent, on January 31.

Verdicts of accidental death were recorded on Nigel Hall, aged six, Derek, aged five, Anne Maria, aged four, and Dana, aged one.

They were found by firemen dead in their bedroom in their council house at Forsythia Close, Fy-Sign, Risco. A post-mortem examination showed that they died from carbon monoxide poisoning after inhaling fumes from a fire.

Mrs Rosemary Hall, their mother, was alone in the house with the children at the time. Her husband, Mr David Hall, a long-distance coach driver, was in Liverpool.

At the inquest, she said she woke to find thick smoke coming up the stairs. The living room was ablaze. "I panicked and ran to a neighbour's house as the first thing I thought of was to ring the fire brigade," she said.

Colonel Treasure said: "Mrs Hall says she panicked. In my view, she did not panic but did the instinctive thing and that was to get help. I do not want her to go from here with any feeling of guilt."

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Court frees man after petition led by magistrate

Terence Martin, a garage owner, who was jailed for attacking a man who had seduced his wife, was freed by the Court of Appeal yesterday after a petition had been raised in his home town of Weston-Super-Mare, Avon, by one of the local magistrates.

The court was told that 568 people in Weston, led by Mrs Marjorie Widgery, a magistrate, had signed a plea for Mr Martin's release. Mr Justice Warrall, Mr Martin's counsel, said others had sent in glowing testimonials.

Ordering Mr Martin's release after nearly four months in prison, Mr Justice Warrall said: "This man has behaved enough."

Mr Martin, aged 34, of Uphill Way, Weston-Super-Mare, said after leaving the court: "It is great to be out. I am going home to celebrate and have a holiday with my wife and eight-year-old daughter, Tracy." He was grateful to local people for their help.

Mr Martin had been sentenced to Bristol Crown Court last October for three years imprisonment for inflicting grievous bodily harm and maliciously wounding Robert Chedzey.

Mr Justice Warrall, sitting with Lord Justice Cumming-Bruce and Mr Justice Smith, said Mr Martin twice attacked Mr Chedzey with his fists because he had "seduced his wife."

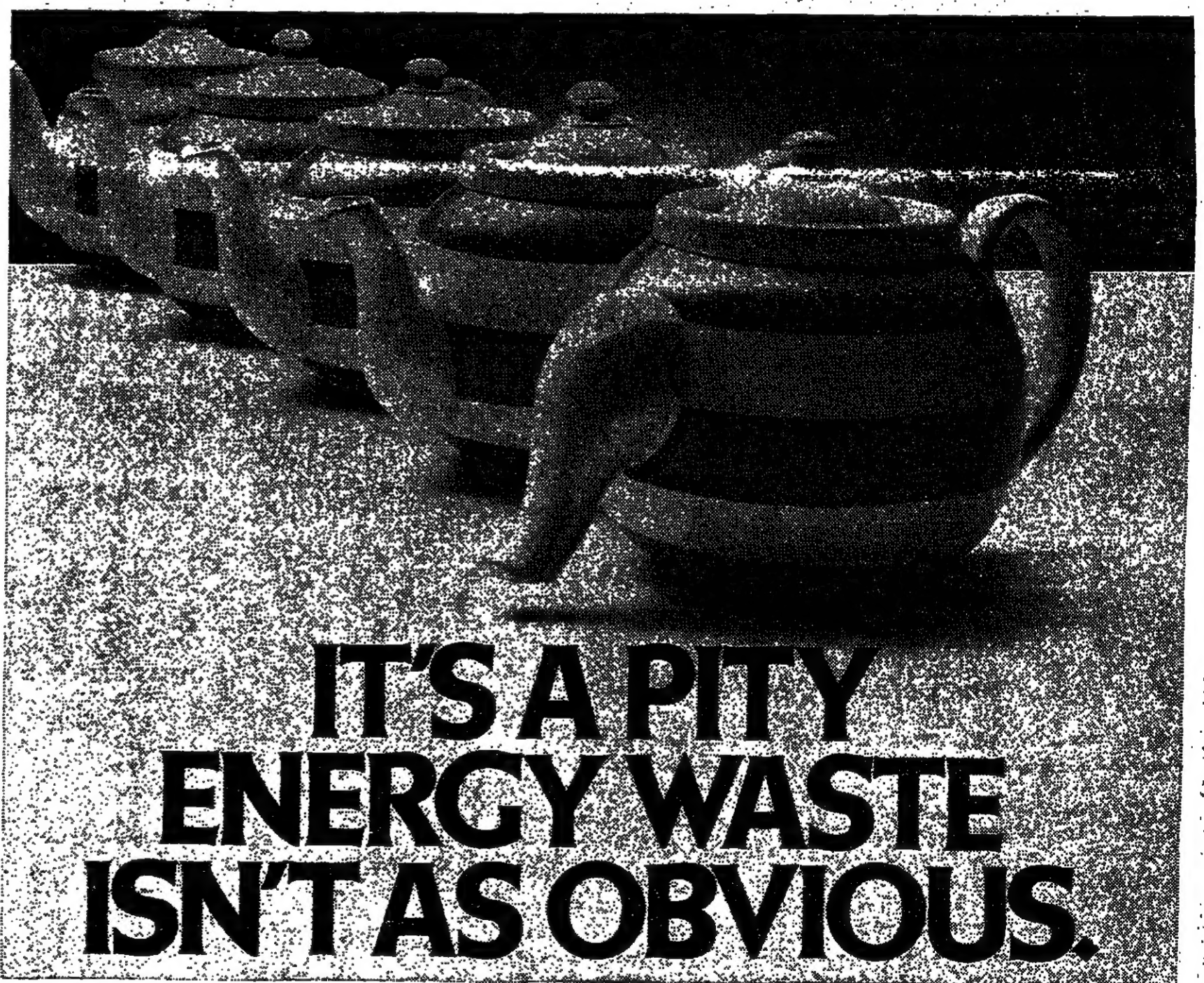
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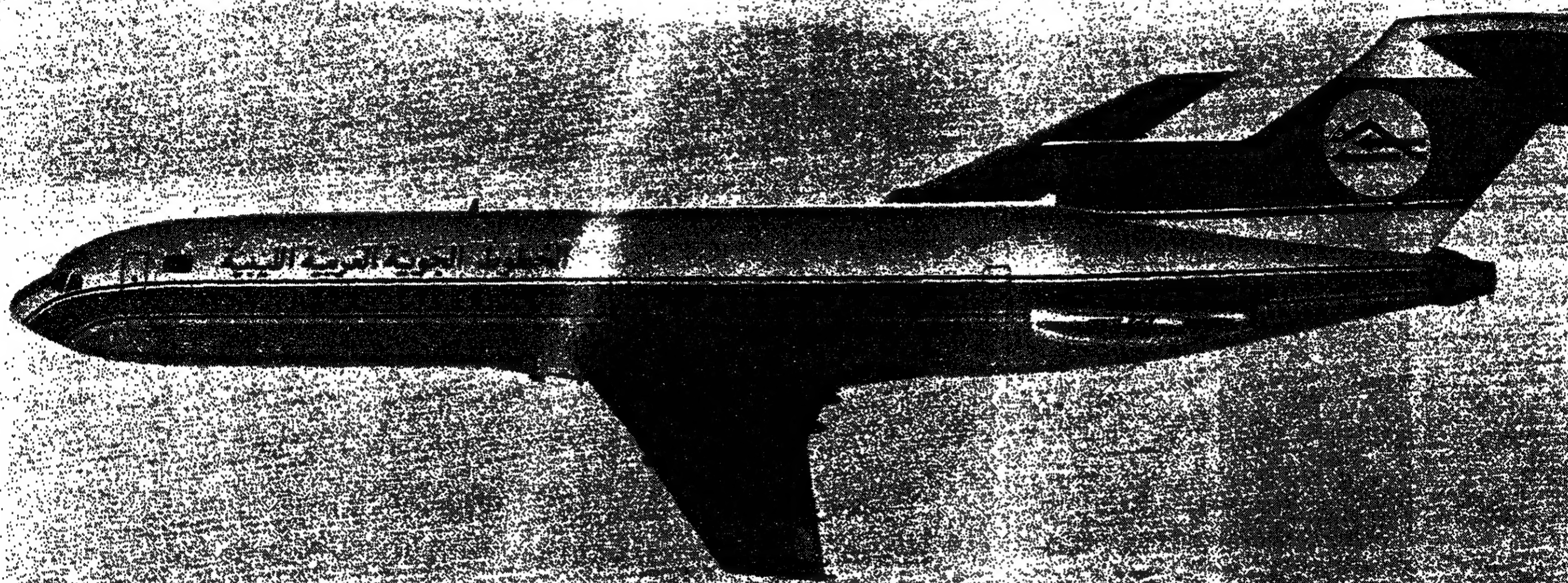
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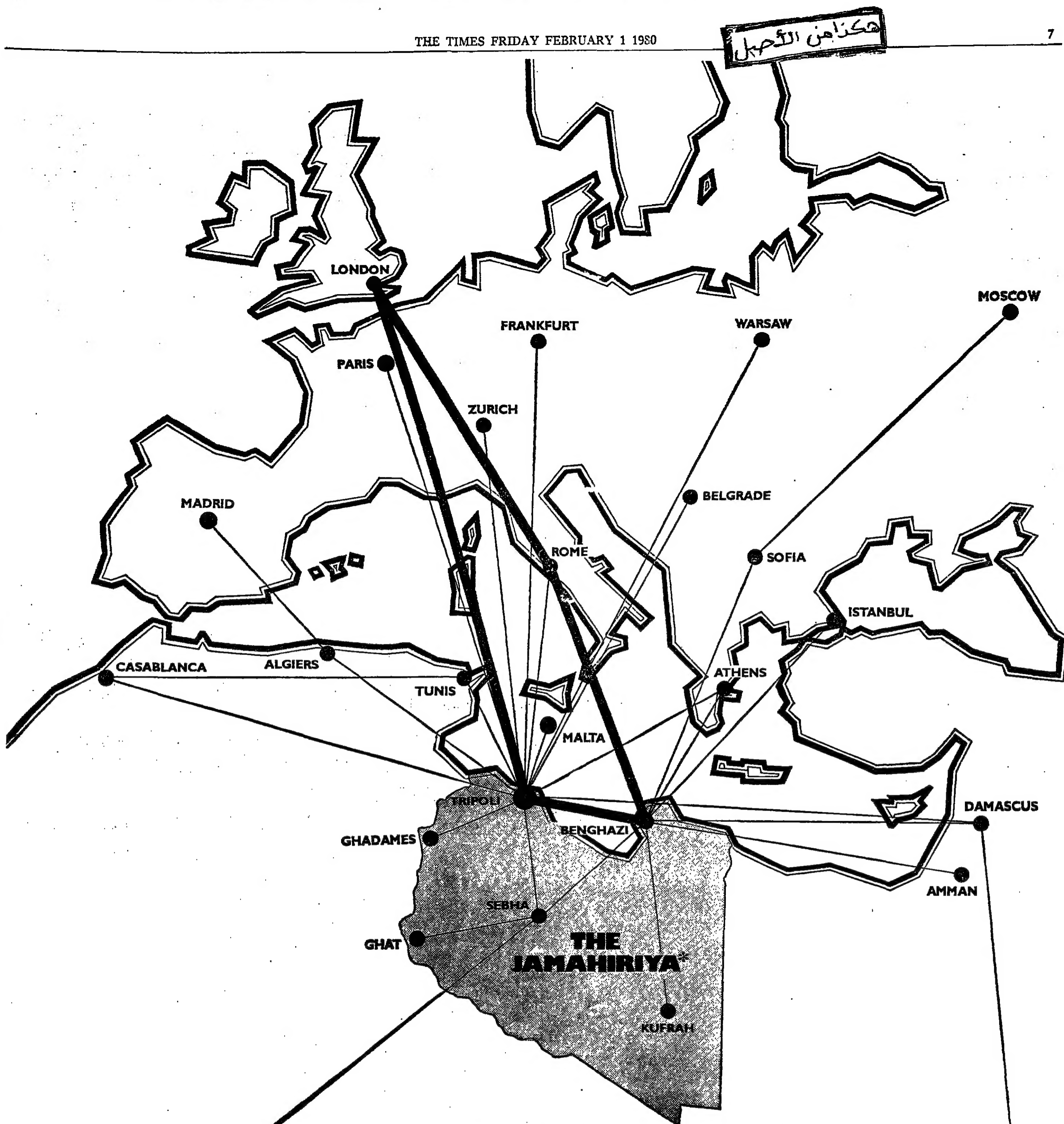


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OVERSEAS

Israel agrees to consider proposal for first negotiating on Gaza as way to break Palestinian deadlock

From David Spanier
Diplomatic Correspondent
Jerusalem, Jan 31

As a way of breaking the deadlock on the issue of Palestinian autonomy, the Israeli Cabinet is to consider a new policy of taking the Gaza autonomy question first, leaving the status of the West Bank to be discussed later.

Mr Menachem Begin, the Israeli Prime Minister, said today that President Sadat's suggestion about looking at Gaza first would be examined shortly.

Although he said he was confident that full agreement would be reached with the Egyptians on Palestinian autonomy, Mr Begin did not think it would be easy. "There is not a coincidence. We don't want to play with words," he said.

The Israeli Government would negotiate autonomy for the Palestinians as laid down in the Camp David agreement, he said. When the proposed administrative council for Judea and Samaria (the West Bank) and Gaza had been elected, the Israeli military government and civilian administration would be withdrawn.

Self-determination meant statehood, and that would be a mortal danger for Israel, Mr Begin said. The word did not appear in the Camp David agreement. What did appear was that the Palestinians would participate in determining their own future.

"Yes, there is an agreement. The idea of autonomy is our own. We want to live with the Palestinians in human dignity and in peace. We have a period of time. Let us give it a chance," Mr Begin added that he hoped Israel was not under American or any other pressure, but if there was pressure they would not accept it.

Mr Begin said he was not suggesting that the United States join Israel's meetings with Egypt to overcome the present difficulties. "We have signed the agreement. We have given a proof that it can be carried out in the withdrawal from Sinai," he said. "I assume if the President of the United States invited us we would accept. But I don't expect such a trip."

Defending Israeli settlements in the occupied territories, Mr Begin said Israel had "a perfect right to live in this land" and the fact of their doing so helped national security because Israelis living in Judea and Samaria could prevent plans for terrorist activities. Furthermore, it was a positive proof that Jews and Arabs could live together.

"We do not evict any Arab from his village. The land is rocks. It has never been cultivated. Nothing has been done to anybody."

Mr Begin maintained that the settlements issue had been played up and completely misunderstood. The settlements were no obstacle to peace whatsoever.

The present movement of Syrian troops, numbering nearly two divisions, into southern Lebanon, was being closely watched by Israeli forces, he said.

The suggestion by Mr Andrei Gromyko, Soviet Foreign Minister, during his recent visit to Syria that Israel was considering an attack was a "complete distortion," Mr Begin said. "We must be very careful and be on our guard. We do not intend to attack anyone."

New proposals: Intensive negotiations on Palestinian autonomy continued today in private sessions under the chairmanship of Mr Sol Linowitz, president Carter's special Middle East envoy (Christopher Walker writes from Tel Aviv).

A plenary session of ministerial teams from both Israel and Egypt was postponed until tomorrow, apparently at Mr Linowitz's suggestion. Instead, Dr Joseph Burg, the Israeli Interior Minister, and Mr Mustafa Khalil, the Egyptian Prime Minister, were talking together and separately to Mr Linowitz.

No details have been released of new American proposals being put forward to break the autonomy deadlock. But, in contrast to previous meetings, both sides have studiously refrained from airing their wide differences on the issue in public.

Helicopter link with Paris planned

From Arthur Reed
Air Correspondent
Philadelphia, Jan 31

British Airways and the Boeing Vertol company are discussing plans here for a helicopter with up to 70 seats which could take passengers from the centre of London to the centres of Paris, Brussels and Amsterdam in two hours.

A site in the East India docks is envisaged in studies as a helicopter airport. Time from the centre of London to the centre of Paris using conventional airlines from Heathrow is about four hours.

The 70-seat helicopter is based on the present Boeing Vertol Chinook, six of which have been ordered by British Airways Helicopters for work in the North Sea oil and gas industry.

The Royal Air Force has ordered 333 Chinooks worth a total of £110m, the first of which was handed over in a ceremony here today to be used for troop carrying and heavy lifting.

British firms are supposed to supply about £27m worth of equipment for the RAF fleet, but many British leaders have been rejected because they were either too expensive or would take too long to finish. After two years of negotiation, only £4.5m worth of contracts has been let to Britain.

The Chinooks being bought by British Airways have 44 seats and twice the range of existing helicopters. To convert this helicopter into a 70-seater, Boeing Vertol proposes to add 15ft to the fuselage.



Mrs Tanya Yankelovich, daughter of the exiled Soviet dissident, Dr Andrei Sakharov, demanding in New York that friends should be allowed to visit her father. With her is her husband, Yefrem.

Turks asked for recall of Russian reporter

From Simon Fiske
Ankara, Jan 31

Turkey asked Moscow last October to recall a Soviet journalist, who had claimed that "Turkey will sooner or later become a communist country", official sources reported in Ankara today.

The Russian was Mr Alexi Yerevchenkov, chief correspondent for the Tass news agency in Ankara. He made the remark at an official dinner to a visiting German correspondent, who reproduced it in an article on Turkey which appeared in the magazine Stern.

Mr Mustafa Gulcufli, the Turkish Interior Minister, said in Parliament that Mr Yerevchenkov had been "making statements which constituted an act of interference in Turkey's domestic affairs."

Mr Yerevchenkov left Turkey in October, but it was not clear whether he was withdrawn by Moscow before or after the Turkish request was made. "I am going home on leave", he told friends.

The Soviet Embassy in Ankara said today that it had no information concerning Mr Yerevchenkov being declared persona non grata.

The pro-Peking daily Agudilik reported that Mr Yerevchenkov was now stationed in Laos.

Three-crop oranges

Peking, Jan 31.—Chinese farmers in Yunnan province have bred orange trees that bear fruit three times a year, the New China news agency reports.

Dissidents dumped after night raids

By Our Foreign Staff

Czechoslovak police are developing a habit of picking up people for interrogation and then leaving them in remote spots in the middle of the night.

Two of the latest victims were Mr Rudolf Batek, leader of a group calling itself Independent Socialists, and Mr Ivan Kyncl, a young photographer who, like Mr Batek, is a signatory of the human rights document Charter 77.

Both were picked up on the evening of January 25 when police broke up a performance

of the underground "Living Room Theatre" in the Prague home of Vlasta Chramostova, a well-known actress banned from the public stage for political reasons.

After interrogation Mr Batek and Mr Kyncl were driven separately to different points in north-eastern Bohemia about 50 miles from Prague. Mr Batek, who is in his mid-fifties, was left in light clothing on a freezing night.

In protest he walked the whole way back to Prague, arriving four days later suffering from exposure.

Mr Kyncl is the son of a former radio and television journalist jailed for 20 months in the early 1970s. He has written to The Times saying that he is under severe harassment and is being threatened with expulsion from Czechoslovakia.

"On November 2," he writes, "one week after the show trial of playwright Vaclav Havel and the other human rights activists, state security officers broke into my studio and dark-room and seized my entire archives."

"They took thousands of negatives, the result of eight years' hard and costly work."

Mr Sol Linowitz is latest in line of Middle East troubleshooters

The optimistic man in Egypt-Israel talks

From Christopher Walker
Tel Aviv, Jan 31

In the midst of the prevailing gloom over the prospects for the deadlocked Egyptian-Israeli negotiations on Palestinian autonomy, the one central figure still exuding public optimism about the outcome is Mr Sol Linowitz, the latest in a line of American diplomatic trouble-shooters despatched to the Middle East.

Now on his second visit to the region since being appointed last December, Mr Linowitz has quickly established a business-like, unflappable negotiating style that is as much appreciated by the participants as it is unpopular with the travelling entourage of American journalists hungry for drama.

Every inch the urbane and successful New York lawyer, Mr Linowitz has deliberately adopted the low-key approach to the Middle East problem previously associated with Mr Cyrus Vance, the American Secretary of State. In public he says little that is exceptional, but in the private working sessions, he shows evidence of considerable backroom work and much patience.

"Sol is a lawyer to his fingertips and that shows in his whole approach to the Middle East", explained one senior American diplomat. "Unlike Henry (Kissinger) he makes no effort to play on the emotions or fears of the two sides. Instead, he takes the broad issues and works meticulously to break them down into smaller parts on which he might get agreement."

Now, aged 67, Mr Linowitz first showed his skills when he helped to build up the massive Norox Corporation in the 1950s, later becoming chairman of the board. His main diplomatic triumph was to secure the successful negotiation of the Panama Canal treaty after 14 years of frustration and stalemate.

Long associated with the liberal wing of the Democratic Party, it was his role as co-negotiator at the canal talks which brought him into the

public eye. Before that he had served as representative on the Organization of American States and was an acknowledged expert on Latin American affairs.

Last year when the colourful Mr Robert Strauss was picked to manage President Carter's election campaign Mr Linowitz agreed to succeed him. His appointment coincided with the public emergence of the wide differences between Egypt and Israel over Palestinian autonomy, an issue central to the success of the Camp David agreements.

Mr Linowitz quickly made a favourable impression and overcame doubts that his being a Jew would cause problems in Cairo. "We liked his appetite for hard work and his refusal to act the showman," said one Egyptian observer today. "But there are some in our delegation who think his approach may be a little amateurish for this part of the world. After all, the Palestinians are rather different from a canal."

Already this week, Mr Linowitz's hand has been seen in the decision to concentrate on private meetings between the heads of the Egyptian and Israeli delegations meeting in a Tel Aviv suburb. His stubborn optimism remains unexplained, but it is seen by American officials as a negotiating ploy rather than a sign of diplomatic naivety.

Although less than four months are left to the May 26 target date set for agreement on autonomy, the American envoy is expected to stick to his "inch by inch" approach and, if necessary, extend the talks beyond the deadline.

As a strong political ally of President Carter, his present task appears to be to try and prevent any signs of crisis in the delicate Middle East peace process.

For this reason, senior American officials have been told to scotch local suggestions that any new Camp David-style summit to break the autonomy deadlock is imminent, or even under consideration.

Amnesty brands Singapore for torture of detainees

By Our Foreign Staff

An airline advertisement calls Singapore "the most surprising tropical island on earth", but since the advent of the regime of Mr Lee Kuan Yew political torture and long-term detention without trial have been used to ensure that there are no surprises on the political front.

Ironically, the arch anti-communist government of South-East Asia can bear most Soviet block nations at their own game when it comes to imprisoning opponents without trial. Singapore's three-star detainees have been in jail for the past 17 years without trial, according to a report on human rights in the island republic just published by Amnesty International.

In an appeal to the Singapore Government, Amnesty called on it to cease detaining people without charge or trial and to stop torture in its detention centres. It also called for the release of three leading political prisoners held since 1963, Mr Ho Piao, Mr Lee Tse Tong, and Dr Poh Soo Kai, and the release from exile on an offshore island of Dr Lim Hock Siew. All were members of the opposition Socialist Front.

The report says that the Government has used its extraordinary powers of arbitrary

arrest and detention to detain students, workers, doctors, trade unionists, lawyers and journalists.

Detainees have been held for 30 days in the initial stage, during which they are not allowed access to lawyers or, in most of the cases, to inform their families of where they are being held.

They are usually kept in solitary confinement with periods of interrogation which may last up to 72 hours, by teams of Special Branch men. Beatings, constant dousing with cold water in air-conditioned rooms, and electric shocks have all been reported by detainees.

Political detainees who want to attain their freedom are made to sign "confessions" before they are released.

The report, prepared after a mission to the island which officials refused to meet, also accuses the Government of failing to provide adequate health care for detainees.

It cites the case of Mr Chan Hock Hua who died on March 26, 1978, after being in detention since February, 1971. Doctors at the prison hospital where he had been held said that his death was caused by cancer of the liver. The family maintain that his death was caused by laceration of the liver after beatings in jail.



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Golf
Nicklaus back with new drive after coach reshapes his swing

From Peter Ryde, Pebble Beach, California
Jan 31
The Crosby pro-am golf tournament starts today over the three most distinguished courses of the Monterey Peninsula. Spoggy, Pebble, Cypress Point and Pebble Beach. The tournament combines the fun of golf with its serious side in a setting of exceptional beauty. That is a formula that could hardly fail.

Jack Nicklaus makes his first appearance of the season and it really looks as though Johnny Miller is going to be a serious mark at last. Arnold Palmer, who has played in so many pro-am tournaments, is also expected to appear. The two other pros, who have played in so many pro-am tournaments, are Tom Watson and Tom Weir. They are both expected to appear.

With three different courses in use and play starting on each course at the first and 10th tees, the field of 335, half of them amateurs, has been achieved. Peter Oosterhuis, qualified with a 72 over Pebble Beach, a fine score for a pro. He is a Dutchman, but still on the highest qualifying figure. He seems keyed up to break his 1980 duck over courses which will give him a real challenge to which he usually responds. His partner is John Archer.

Tom Watson, already in winning mood, is paired with an old friend, Frank Tatum, President of the United States Golf Association.

Motor racing
Strong backing for British drivers in F2

By John Blunsden
BP Oil have joined forces with the British Toleman Group and Pirelli to sponsor two of Britain's most promising drivers, James Hunt and Derek Warwick. In the formula two European championship, each will have two works-backed 300-hp Toleman-Ford cars, designed by Rory Byrne, in an all-out effort to win the title.

Racing
Monty Python has the last laugh

The star attraction at Sandown Park tomorrow will be the re-appearance of the Monty Python circus. The troupe, which has been touring the country for the last decade, has as its main objective this season the Grand National. The circus, which has been touring the country for the last decade, has as its main objective this season the Grand National. The circus, which has been touring the country for the last decade, has as its main objective this season the Grand National.

Sandown Park programme

1.30 FEBRUARY HURDLE (Div 1: novices: £970: 2m)

2.0 PARK CHASE (Handicap: £1,668: 2m)

2.30 FAIRMILE CHASE (Handicap: £2,447: 3m)

3.0 WILKED JOHNSTONE CHASE (Handicap: £567: 2m)

Wincanton results

1.35 CORTON DENHAM CHASE (Handicap: £1,115: 2m 5f)

2.00 CORTON DENHAM CHASE (Handicap: £1,115: 2m 5f)

2.30 CORTON DENHAM CHASE (Handicap: £1,115: 2m 5f)

Bowls
Bryant edges nearer to the world title

Melbourne, Jan 31.—David Bryant of England needs only two and a half points from his last four matches to make sure of the world singles' championship. Bryant defeated two of his closest challengers here today to lead the table of 20 with 14 points from 15 sets, two points ahead of Australia's John Snel.

Rackets
As you were for singles

By Roy McKelvie
Christopher Whitworth and John McEwen, the two leading players in the world, met in the final of the Australian Open singles tournament at Melbourne today.

Mr David Frost's US activities escape tax

Newsday (Inspector of Taxes) v Frost
Before Lord Diplock, Viscount Dilhorne, Lord Salmon, Lord Keith of Kinkor
Mr David Frost succeeded in retaining in the House of Lords decisions in his favour that income earned from the exploitation of his talents in the United States was not liable to United Kingdom income tax because it was partnership income arising from a partnership with a Bahamian company.

Occupier's duty of care to firemen

Sibbald or Birmingham v Sher Brothers (a firm)
The House of Lords, dismissing an appeal by the widow of a Glasgow fireman, one of seven who died in a warehouse fire in 1972, held that the occupier of premises did not owe to firemen who entered the premises to fight a fire the same duty of care as was owed to workers or other persons entering the premises to see that they would not suffer injury or damage to their property.

Hearing on bridge tolls

Objections to the tolls proposed for the Humber Bridge are to be heard at a public inquiry at Hull Guildhall on March 11. The proposed maxima are £1.50 for cars, £2.50 for commercial vehicles and between £4 and £8 for lorries and buses.

Mr David Frost's US activities escape tax

Revenue said that a man could not exploit his own skills and could consequently not enter into a valid partnership agreement to exploit his own skills.
His Lordship, in agreement with Lord Justice Goff, held that the partnership agreement between Mr Frost and the company could not be regarded as a partnership for the purposes of the Income Tax Act 1970.

Channel record

A new cross-Channel ferry record was set yesterday by the Spirit of Free Enterprise. In a force eight gale the vessel crossed between Dover and Calais in 53 minutes, 49 seconds, an average speed of 23.9 knots.

Thousands delayed

Thousands of passengers from Bedford, Luton, St Albans, Sheffield and the east Midlands were delayed for up to 45 minutes on their journey to St Pancras, London, yesterday, because of a signals failure.

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William Rees-Mogg suggests a solution to the chaos on world currency markets

How the gold boom could be the key to convertibility

The world currency markets seem eccentric and the world gold market seems positively mad. People wonder whether there is any rational basis for valuing currencies or gold, or whether one has to accept the market prices as random fluctuations. In fact world currencies are organized in a dangerously unstable system.

There are however two concepts, both derived from Ricardo, which can make sense of these relationships. One is the labour theory of value: the other the control of money supply through a requirement of convertibility. "In all states therefore the issue of money ought to be under some check and control; and none seems so proper for that purpose, as that of subjecting the issues of paper money to the obligation of paying their notes either in gold coin or bullion." (David Ricardo, *Principles of Political Economy*, 1817).

Ricardo's labour theory of value is based on the fact that almost all goods require human labour for their production; the wealth of a nation depends, as Adam Smith had already observed, on the productivity of its labour. The purchasing power of a currency is chiefly a power to purchase the fruits of labour productivity. Currencies will therefore have a balanced price relative to each other only when they purchase approximately the same amount of productivity. Work will go where productivity is cheapest: a cheap productivity country must gain in trade at the expense of a dear productivity country, and, in a floating system, that gain must tend to raise the price of the cheap currency and depress that of the dear currency. There is therefore a tendency to equilibrium in productivity purchasing power, but that tendency can be, and at present is, contradicted by other forces.

The Dresdner bank has collected the most recent statistics for national labour costs and productivity, expressed in terms of hourly output value. These show that at recent exchange rates money buys more productivity in Japan than in

America, and much more in America than in Europe. If one calculates an index of productivity purchasing power, a dollar will purchase 100 in the United States, 121.8 in Japan, but only 79.8 in France, 72.8 in Britain and 72.6 in Germany. The pound and the DM are correctly aligned, by this standard, with each other, but are badly out of line with the dollar or the yen. They are much too expensive.

One can see how this works for Britain. American labour costs \$8.89 an hour to employ, and British labour only costs \$5.75, so the ordinary British worker is less well paid than the American, and costs less to employ. Unfortunately, American productivity is 112.5 per cent higher than British: it is more than double. So it takes the British worker two hours and seven and a half minutes to produce as much as an American produces in an hour.

To employ a British worker for two hours, seven and a half minutes costs \$12.22, or 37 per cent more than the American cost for the same productivity. This is the result of the pound's exchange rate being well above the productivity purchasing parity level. To bring the cost of British productivity down to the existing American level would require a fall in the sterling exchange rate to \$1.65, and that, on this comparison, is a half minute to produce as much as an American produces in an hour.

It is very damaging for the dollar, which is still the most important world currency, to be so much too cheap. The European countries suffer a real competitive disadvantage. In the case of Britain, where we have other industrial handicaps, a premium of 37 per cent on our productivity cost is pushing us towards disindustrialization. Forgetting about our trade union difficulties, there is a straight cost advantage in employing Americans of a decisive kind.

There are two questions which naturally arise. Why is the pound so much overvalued? Why is the dollar so undervalued? The specific cause of the overvaluation of the

	Hourly Labour Costs \$ (Jan 1980 exchange rate) (a)	Productivity (hourly output value) Germany=100	Productivity Purchasing Parity US=100
Germany	12.08	100	72.6
US	8.89	102	100.0
France	5.75	75	79.8
Japan	5.37	75	121.8
UK	5.75	48	72.8

(a) US\$1=DM1.73
US\$1=Fr 4.0645
US\$1=Yen239.50
£1=US\$2.2650

Source: Dresdner bank, exchange rate reports. Third column calculated by author.

pound is our very high interest rates, though a more general cause is North Sea oil. High interest rates bring money into Britain and push up the exchange rate; if we are to reduce the overvaluation of sterling we shall have to bring interest rates down. That can only be done by reducing the Government borrowing requirement, which should now be a central aim of the next Budget. Because the Government have to borrow too much it is only possible to control the money supply at penal rates of interest.

The undervaluation of the dollar arises from the surplus of non-convertible dollars held outside the United States. The United States current account is strong and looks like becoming stronger. On capital account the world wants to diversify out of dollars, into other currencies or into gold. This desire to diversify has pushed the dollar down too far and the gold price up too far.

The problem has been made worse by the increase in the price of oil, which has created a large Opec surplus. The Opec countries do not want to hold more non-convertible dollars. So long as the

dollar is not convertible it has no future reliability as a store of value. The restoration of dollar convertibility, at a fixed rate, into an external standard, would make the dollar acceptable.

Gold has had very stable purchasing power over long periods. If one takes the purchasing power of gold in Britain as 100 in 1661, the year after the Restoration of King Charles II, it was 85 in 1700 and it was 79 in 1900. In recent years as a result of the instability of the non-convertible currencies, gold has at times, as now, gone to a very large premium in terms of its historic purchasing power, but this instability arises out of floating currencies trading against gold as a commodity; no such degree of instability arises when currencies are converted into gold as a monetary standard.

The relative scarcity of gold and of labour has not changed rapidly in the twentieth century. The stock of gold and of population have grown together. In the 1940s, and down to 1933, Americans were free to buy gold at \$20.67 an ounce. In January, 1920, average United States male weekly earnings in

manufacturing were \$24; in January, 1930, \$23, or just over. So in the 1920s the gold wage was just over an ounce a week in America. It was then around three quarters of an ounce in Britain; but the pound was also overvalued then. Before the first war the gold wage averaged about half an ounce in Britain—and if it were half an ounce now the gold price would be \$200 an ounce or thereabouts; if the American gold wage were still an ounce the gold price would now be about \$300, or a little less.

In 1974 Americans were again made free to buy gold. On the first day of dealings—January 2nd, 1975—the gold price was \$185 an ounce. In January 1973, the average weekly earnings were \$181; the gold wage advanced to an ounce a week. The gold wage was at approximately that level as recently as last September. Both gold and labour had risen in price in terms of most other commodities, but they had risen together; all had risen with them.

In December 1973, American weekly earnings were \$235, so at the current price of gold, the gold wage has fallen to less than half an ounce, and has fallen in only four months. I certainly do not expect that devaluation to be permanent, though some premium on gold is natural in a time of inflation and world crisis. The ratios of gold to other commodities, including labour, do have a tendency to reassert themselves, and the premium on gold has now become unrealistically large.

It may on the other hand be a useful exaggeration. The problem of restoring gold convertibility at fixed exchange rates—which has now become the ideal way to reduce world inflation and meet the recycling problem—has historically been that the gold price is too low, that there were inadequate reserves and a painful adjustment would be needed. Now the gold price is actually too high. A full restoration of a gold standard would not require, as in the 1820s or 1920s a fall in prices; on the contrary prices would go on rising for some years.

The problem of restoring a proper valuation to the dollar is the problem of restoring confidence in the dollar as a store of value. That is what people require of a currency held on capital account. The Bretton Woods system made the dollar ultimately convertible into gold; it broke down in the late 1960s, because the gold price was held too low, and it became overwhelmingly attractive to buy gold with dollars.

The opposite is now the case. If dollars were convertible into gold at a fixed price, near the present price, the attraction would be to convert gold into dollars, not vice versa. Hoarders would be able to get convertibility plus compound interest by holding dollars. The interest would not be paid on the gold price but on the dollar price. The gold price has restored the two conditions of gold convertibility, adequate world reserves at current prices, and a gold price too high to risk an uncontrollable run into gold. Convertibility would not unfairly benefit the gold producer; it is only when gold is not money that it goes to an exaggerated price as a consequence of non-convertible currencies becoming unacceptable as a store of value.

The mechanism for restoring convertibility should indeed be extended to other currencies, an agreement on fixed rate convertibility—subject to Bretton Woods margins—between the European currencies, the dollar and the yen, with further convertibility into gold, would have a number of notable advantages. Such a system would be a major step towards the passage by infection of world inflation from one country to another. It would lower interest rates. It would permit a major fixed rate revaluation of the dollar and the yen relative to the European currencies. It would help towards price stability in Britain. What is more, there is no other way in which these highly important objectives can be achieved.

A system of floating rates, tied to nothing, is very damaging and

terrifyingly unstable. It is bad for trade as an earthquake, it is bad for saving. At present it has given Britain a 37 per cent overvaluation of the currency, a 17 per cent minimum lending rate and a 17 per cent rate of inflation. The combination is quite disastrous. A return to a fixed rate gold system, but with gold at a little above its current market price, is a feasible objective for economic policy.

If successful, it would eliminate the overvaluation of the pound, bring MLR back well below 10 per cent, and provide the opportunity to bring the inflation rate well below 10 per cent by the mid 1980s. As \$750, or whatever, was chosen, an ounce would be a very high price for gold, so inflation would continue on an artificially expanded gold base, but the high price of gold would also underwrite the liquidity of the system and allow world inflationary expectations to be reduced throughout the 1980s, rather than being held in an episode of catastrophe.

The conclusions we can reach are these. Floating exchange rates have resulted in high inflation rates, high interest rates, and in the British case, penal overvaluation of our currency. Because gold became undervalued the Bretton Woods system of fixed rates with ultimate convertibility to gold broke down in the 1960s, but the extraordinary boom in the gold price has more than corrected that undervaluation. Gold is now clearly overvalued, probably by more than 100 per cent on a natural long term price. That makes possible the restoration of a fixed rate, fully convertible, system based on gold. Fixed rates may have to be changed, but they impose some discipline. Such systems have an excellent historic record for supporting economic growth and maintaining price stability. The choice for Britain is one between inflation, depression, high interest rates and disindustrialization on the one hand, and price stability, trade stability, low interest rates and a competitive currency on the other.

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Something to bear with units of expression (10)

Jubilee (it is the golden jubilee of flowers that turn out to be rivers; of points that mean N, S, E, or W; of Au that equals gold. It is the anniversary of the day in which many were discovered to be L, C, D, or M, so that the clue "1,000 in 1,200" requires the answer Marylebone (the M in MCC, dumb). It is the day of Erato and the okepi, invaluable five-letter word beginning and ending with a vowel. All right, a Manx pig? Softly I creep up behind a gnarled oak to stalk the elusive okepi. And oft-times have I caught him playing sardines in look a pit! I find those clues hidden inside other words the hardest to see, I suppose because, on the principle of the purloined letter, they are staring me in the face.

Today is the fiftieth anniversary of the introduction of that daily obstacle course of the wit that has become a national institution, *The Times* crossword puzzle. Number 1 was published on 1 February 1930, having been compiled by the young man called Adrian Bell, who had never solved a crossword before, let alone set one. Adrian Bell, the elder statesman of letters and king of the crosswords, compiled the golden jubilee puzzle which

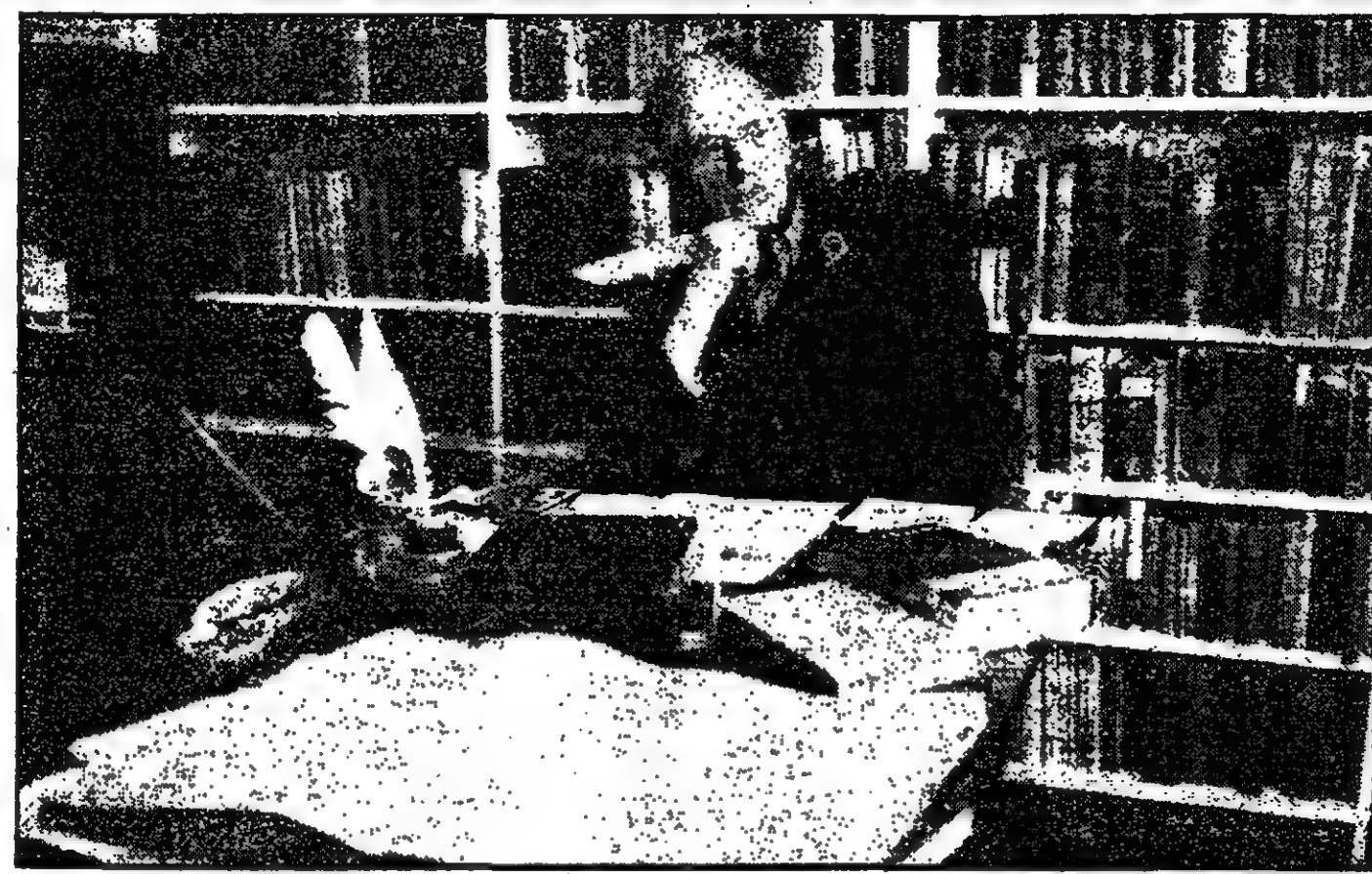
appeared in yesterday's *Times*, as guided with references to that old Au as if Midas had been handling his quill pen.

This is how it happened. In the winter of 1929 *The Times* was worried about losing circulation to the dreaded Daily Mirror. Another paper, namely, since this is a day for generosity, *The Daily Telegraph*, which also cost 2d. The haruspices in market research declared that the circulation drain was being caused by *The Daily Telegraph's* secret weapon, the new-fangled crossword. Barrington-Ward, shortly to become editor of *The Times*, was lunching with Robbie Bell, news editor of *The Observer* and founding father of that paper's *Everman* crossword. "Bell," said Barrington-Ward gloomily, "We've got to start a crossword puzzle in *The Times*. Do you know anyone who can compose them for us?"

Quick as a flash (illumination from state tree with keys) Bell replied: "My son can." Adrian Bell, 27 and an innocent young farmer, spent Christmas evening over the first crossword. The rest is history (account of Denis Thatcher's wife).

I think I can detect Adrian Bell's hand in the crosswords he sets, from references to the countryside and echoes of an old-fashioned English gentleman's education, rich with classical mythology, Shakespeare, Dickens, and those three tiresome little girls in the well. He assures me that the only clue to his identity as setter is his distaste for clues that chop words up like salami: "It is the ideal job for a chap with a vacant mind, sitting on a tractor, harrowing clouds, or bicycling. It is a knack, like chess, of looking three moves ahead and avoiding letters that will make your life difficult later on." He is still a peripatetic crossword-composer, his eye in a fine frenzy rolling, putting the fear of Silenus into strangers to the lanes around Beccles.

Not all readers of *The Times* 50 years ago greeted the innovation with rapture (concentrating on river gages pleasures). A high-minded lady wrote from Cheshire: "I am a young woman, but I hate to see a great newspaper pandering to the modern craze for passing the time in all sorts of stupid ways." But the craze was as compulsive as the crossword (7 letters) sea whose icy current etc. Austen Chamberlain



Adrian Bell and quill pen: "ideal job for a chap with a vacant mind".

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wrote to *The Times* to proclaim the legend that the Provost of Eton (school to go between two points) timed his boiled egg every morning by the time it took him to solve *The Times* crossword, and he was not a man who liked his egg hard-boiled. P. G. Wodehouse replied that it was "a lovely fable" (Eton and Silenus have passed under the bridge in the bottom left-hand corner of the back page. Things have changed a bit. Clues have become harder, and more sophisticated. "Land of Hope and Glory" is no longer acceptable for "Ruritania": it has been used too often. There may just be mileage left in "Land of Hope and Glory", answer "Ichabod" (the glory is departed, natch). The stock of quotations that *Times* readers are expected to know has changed, marginally. It is

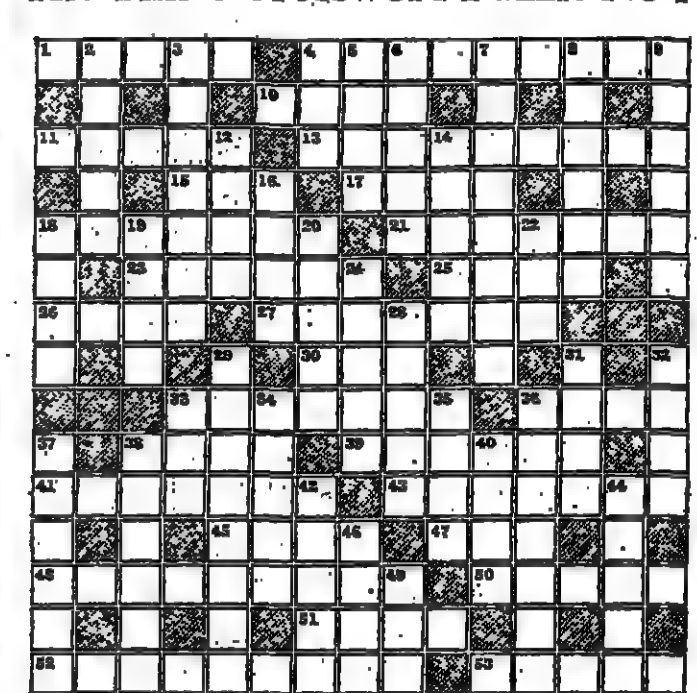
possible that the rising generation is not familiar with the (historically questionable?) poem "Nebuchadnezzar, King of the Jews, sold his wife for a pair of shoes," which was the key in the golden age of the clue. "Half the price of Nebuchadnezzar's wife (3, 3)." Edmund Akenhead, the prestigious (in its original and modern sense), and mischievous editor of the crossword for the past 15 years, has made the clues fairer as well as harder. "Heraldic gold between mother and me" (MAORI), which appeared in the first crossword, would no longer pass muster, because the clue contains no reference to the finished word. He is as elusive as the okepi, but I will give you some clues about him. He never uses a quotation that he has to look up; he is a member of the Magic Circle; his team of 11 crossword-composers includes a major-general and a woman secretary; he likes clues that slice up a word like salami and those god-damned girls in the well. He justifies the amount of our time he wastes each day by

saying: "After reading the news, usually depressing, you owe yourself a little enjoyment and mental PT." I know, I know: it is a frivolous waste of time when I should be reading about the state of the economy. But I do the thing while walking beagles round the park, occasionally bumping into trees and little old ladies, when it would not be possible to read seriously anyway. One day I shall imitate my less frivolous friends, and take up embroidery with prayer socks (warm feet while praying? No, knees) for the vicar, which is a more useful way of passing the time. But until then, lay on Bell and Akenhead, switching on the gaiety of nations, and damned be him that first cries "Hold, enough!" I saw you, Edmund, toying with "To be, or not to be, that is the question" (not eight letters, but 11": don't you dare, maestro).

Philip Howard

The Times 50th Anniversary Crosswords is published today by Penguin Books at 85p.

The Times Crossword Puzzle No 1



ACROSS

- 1 Spread unevenly
- 4 Part of a Milton title
- 10 A month, nothing more, in Ireland
- 11 He won't settle down
- 13 22 down should be this
- 15 Colton onto, so to speak
- 17 Head of a chapter
- 21 Denizen of the ultimate ditch
- 23 Frequently under observation
- 25 What's in this stands out
- 26 Flighly word
- 26 If the end of this gets in the way the whole may result
- 27 Refrains (sng)
- 30 This means study
- 33 Simply enormous
- 34 There's a lot in this voice
- 36 This elephant has lost his head
- 39 A turn for the worse
- 41 Done with a coarse file
- 43 Red team (sng)
- 45 This rodent's going back
- 47 Makes a plaything with its past
- 48 Wants confidence
- 50 A mixed welcome means getting the bird
- 51 This girl seems to be eating backwards
- 52 The men in the moon
- 53 pinch of sand will make it dry

DOWN

- 2 Heraldic gold between mother and me
- 3 Out of countenance
- 4 Upset this value and get a sharp reproof
- 5 Intently watched
- 6 In some hands the things become trumpets
- 7 A religious service
- 8 This horseman has dropped an h
- 9 Sounds like a curious song
- 12 This ought to be square
- 14 Momentary stoppage
- 16 Written briefly
- 18 Culverley's picturesque scholars carved their names on every one
- 19 Site of 45 across
- 20 Precedes advantage
- 22 Parents in a negative way
- 24 Used to be somewhere in France
- 28 Happen afterwards
- 29 Climbing instinct in man
- 31 A terrestrial glider
- 32 The final crack
- 34 Simple creature
- 35 Time measurements
- 36 Jollier than 4 across
- 37 Ladies in promising mood
- 38 Presents are commonly this
- 40 Gets the boot
- 42 Hall in Scotland may mean lears
- 44 Works, but usually plays
- 46 She's dead
- 49 Only a confectionist could do this on a chair

SECRET

Why aren't today's political historians allowed to get to the truth?

Donald Watt, Professor of International History at the L.S.E., pleads for greater dialogue between the worlds of academe and government in the interest of historical accuracy.

Also in this week's *Times* Higher Education Supplement:

- * The Great Russian Studies Disaster.
- * Terence Miller on why directing a polytechnic was no fun.
- * A.S. Byatt on the need for radical reform in the study of English Literature.
- * Profile of Liverpool University.

THE TIMES
Higher Education
SUPPLEMENT

Every Friday

Jeans means scenes for the trendies

Jeans have a peculiar fascination for Russian youth. As any tourist here knows, even someone wearing a very old and shabby pair is liable to be approached dozens of times and offered a fistful of roubles. The first requirement of any modish young Russian is to obtain by hook or crook—and usually the latter—a pair of genuine western jeans. They must have the label of the better known makes, and preferably be patched and faded. At any youth theatre, nightclub or party for the well to do, people invariably appear in their smartest clothes: jeans.

The jeans cult has led to a thriving black market. A pair of Levis can fetch anything over 200 roubles, and a complete denim suit costs about 300—almost twice the average monthly wage. Prices increase according to distance from Moscow and Leningrad, the principal sources of supply. And in a society where money has little spending power, jeans are one of the most valuable

items of barter, indeed a few months ago the Russians closed down a second-hand shop in Moscow which had become notorious as a centre for such illicit dealings.

Last autumn the party newspaper of Georgia, a notoriously free-wheeling republic, gave some striking examples of what it called "jeans crimes". Five teenagers at a boarding school, all young communists, went out on a hunt for someone wearing jeans. Finding a youth in denim, they demanded his suit and when he refused to hand it over, stabbed, stripped and left him. Another time two 15-year-old girls attacked two other girls wearing jeans, clashing their faces with razors. Modern youth, the paper said, was beginning to show alarming symptoms of the "material possessions illness".

It said a wave of enthusiasm for denim clothing had engulfed not only teenagers but their parents as well, and some over-indulgent parents had engaged in considerable economic speculation to afford chic foreign-made slacks bearing the manufacturers' label.

One reason why young people were "inordinately fond" of jeans was their scarcity, the paper said. For this it blamed

Soviet trade organizations for not buying enough denim from those countries producing it, and for doing little research into what people wanted to wear.

Jeans in fact are already produced in Hungary, Poland and East Germany, and since 1975 at least 17 million pairs have been manufactured here each year. The problem is that the fabric of Soviet jeans is so poor that nobody buys them. They lack style and the one item that determines their black-market value: an American label. The Russians, aware of this, have decided to invite an American firm to set up a factory in Moscow to produce millions of pairs of jeans a year.

Makers of Lee, Levi and Wrangler jeans have been asked to submit bids for the 7.5 million dollar project. A Soviet writer in a recent article on "jeans culture" said pupils in Moscow and Leningrad secondary schools were divided into three categories. These in the "de luxe" class were pupils who had Lee, Wrangler or Levi jeans. Second came those who could sport jeans made in Malta or Finland, and the unlucky ones in the bottom class were those who could only get hold of jeans made in India, Poland or

Will it be like songs of Prales, but without the jokes?



Bulgaria, or even, heaven forbid, in the Soviet Union. But jeans are just one manifestation of a wider cult the Russians appear powerless to counter, imitation and admiration of any western fashion.

Foreign in the jeans, long hair, printed T-shirts, handbags, tight-fitting shirts, western pop music all find a ready echo.

In summer you can see any number of student-age Russians wearing T-shirts proclaiming their allegiance to this or that American university, advertising beer and cigarettes or emblazoned with catchy slogans, invariably in English.

Periodically there is an onslaught on this cult. Fashion designers tell people it really isn't smart to wear jeans to the Bolshoi. A doctor of Philosophy writing in a popular illustrated weekly attacked the "tyranny of fashion" and said people should realize that fashion exerted an ideological influence.

Another Soviet journalist, outraged at seeing a young worker wearing a T-shirt proclaiming himself to be a member of the San Francisco Police Department, wondered whether people in American cities were wearing T-shirts with Soviet slogans, and proposed a competition to design some good ones. He wanted T-shirt designs that would have envious western tourists "stamped after every one of us", and

suggested as an example the slogan "Atomash-80"—a reference to the Soviet atomic power station machinery building industry.

The Russians have long had an ambivalent attitude towards the "westernization" of youth. The attitude to pop music has ranged from stern rejection to discreet acceptance and occasional arrangements for tours here by the better known, and ideologically neutral, groups.

One reason advanced for the popularity of jeans is that they are a symbol of the west, to link them to western culture and hypocritical attempts to appear poor and shabby have surrounded them with the aura of forbidden fruit.

But recently there has been a subtle change. The Estonian authorities have just decided to swim with the tide, and have decreed that new school uniforms are to be made of "dark-blue jeans type material that washes well". And with denim clothing becoming the daily official attire of pupils, the glamour of jeans could diminish, so that they will no longer be considered a "sacred symbol of secret uniform against Soviet conformity".

Michael Binyon

مكازم الأصيل



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DISCIPLINE FOR THE DUTCH

When Pius IX was elected in 1846 all Europe was agog at the spectacle of a liberal Pope. It saw him, before many years had passed, turn into a scourge of liberalism, author of the *Syllabus of Errors* anathematizing the chief characteristics of the modern world, and first subject of the doctrine of papal infallibility defined de jure. Pope John Paul II's accession was greeted with no less interest and even wider acclaim. Now faint doubts are stirring that his pontificate may follow a comparable course.

The doubts are that, misjudging some of the strongest secular tendencies of the age to be evil or erroneous because they conflict with traditional norms and teaching, he may throw himself into opposition to them instead of making use of whatever there is in them that is good. By doing so he would, by the force of his position and prestige, lead the Roman Catholic Church into the way of rejection, with the consequent likelihood of schism, defection and loss of influence upon the minds of the great majority of mankind. Such an outcome would be clean contradictory to the Pope's personality as that which has warmed those who have encountered him, however remotely, with its gaiety and nobility. But it would not be wholly contradictory of his abstract moral teaching or his statecraft as those have so far revealed themselves.

Nothing has yet happened to compel that fear. Rome's mild chastisement of Fr König must be set beside the pleasure that

distinguished theologian takes in trailing his coat. The potentially more serious proceedings against Fr Schillebeeckx are incomplete. The synod of Dutch bishops at Rome, an extraordinary process in itself, ended yesterday on a note of firmness on the side of the Pope, but without laying upon the bishops peremptory demands with which they could not reasonably be expected to comply.

By the mid 1960s the Roman Catholic Church in Holland was in a condition to which the word "crisis" was being freely attached. The spirit of agnosticism which the Second Vatican Council let out of the bottle had a peculiarly intoxicating effect in that church. Democratic structures were adopted. A national pastoral council was set up, similar in composition to the General Synod of the Church of England but without legislative or judicial functions, which resolved in favour of optional celibacy for priests. Seminaries of the old sort were closed and candidates for the priesthood, of whom there were pitifully few, studied like other undergraduates at theological institutes within the universities. Before the publication of the encyclical *Humanae Vitae* the Dutch bishops had reached the view that for pastoral purposes it is up to the individual to decide family planning matters for himself in the light of conscience; and when that encyclical came out they did not revise their position. During liturgical experiments abounded.

A new catechism of striking novelty was adopted. Five cardinals in Rome were appointed to pick holes in it, and when they found them the bishops printed their observations as an appendix.

The Vatican's main stroke of policy towards this contumacious national church was to appoint two conservative bishops to vacant sees, against the advice of the Dutch hierarchy and the wishes of the dioceses concerned. That was not successful. It permitted the forces of Dutch Catholic conservatism, never extinguished, to rally; and it produced in the Bishop of Roermond who not content with openly dissenting from his fellow bishops, more or less disowned them, the disunity of the Dutch church, now spread upwards to the hierarchy, had become intolerable. To reduce it was the purpose of the synod at Rome.

The particular matters of discipline to which the Dutch bishops have been persuaded to subscribe—celibacy of the priesthood, its permanence, seminary training, cessation of intercommunion with "separated churches"—are none of them so fundamental as to have provoked refusal. The arch-conservative Bishop of Roermond has been bound over to be of better behaviour. Arrangements have been made for keeping the Dutch church in close touch with the Curia and vice versa, which may possibly be to the benefit of both. It is a strong assertion of Roman primacy, but not a brutal one. Everything now depends on how the Dutch digest it.

Independence of the judiciary

From Mr Raymond Hartley
Sir, In recent years there has been an alarming increase in public verbal attacks upon senior members of the judiciary by prominent politicians, particularly from the Labour Party and leading trade unionists. Since, politically, I have no axe to grind, I find this development both disturbing and frightening. What is particularly surprising is the attitude of the media towards these outbursts. What is even more disturbing is that they have become accepted and the media, through press, radio and television, have done nothing to question the seriousness of attacks upon the judiciary which is the keystone of our democracy.

In the recent case of the steel employers in the private sector v. the Iron and Steel Trades Confederation, Lord Denning did not insist on the parties being brought before him and, probably, he did not insist that he should preside over that court. Involuntarily, therefore, he has been drawn into the dispute and, having heard arguments and counter-arguments, gave his judgment. Maybe his judgment was faulty and no one denies that, but, no less than other mortals, he has made errors of judgment. But that is the way of things. If such an error was made by Lord Denning, and I am not in a position to be in judgment upon him, I cannot accept that many of the people to whom I have referred would wish us to have judges who would be at their mercy and subject to instant dismissal should their decisions be not to their liking. I think that many of the people to whom I have referred would wish us to have judges who would be at their mercy and subject to instant dismissal should their decisions be not to their liking.

This letter is not a public attack upon the Labour Party but it is noteworthy that it is members of the Labour Party and the trade union movement who are so ready to make pernicious attacks upon the judiciary. The contempt for the courts are a poor example to their followers who will be tempted to emulate their lack of respect for the legal traditions of this country.

What I have written should not be taken as an appeal to restrict public rights. On the other hand, I suggest that many of the people to whom I have referred would wish us to have judges who would be at their mercy and subject to instant dismissal should their decisions be not to their liking. I think that many of the people to whom I have referred would wish us to have judges who would be at their mercy and subject to instant dismissal should their decisions be not to their liking.

RAYMOND HARTLEY,
55 Belmont Road,
Bushey, Hertfordshire.

Britain's problem is to end up at the close of poll with a general acceptance by all parties that whatever regrettable events may have occurred, honours all round are about even, and that the verdict of the polls will be accepted whatever the count finally shows the electorate's choice to be. By leading the chorus shouting "foul" at every juncture, the UN mischiefmakers will only make that outcome harder to realize, and the risk of condemning Zimbabwe to more civil war the greater. This is utterly irresponsible.

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LETTERS TO THE EDITOR

Abolition of quangos

From Lord Hunt

Sir, It seems impossible to believe that any government, however intent upon abolishing "Quangos" (Quasi-Autonomous Non-Governmental Organizations) as a means, often illusory, of saving money, would kill off the Advisory Council on the Pen System. Either under that name, or as the Advisory Council on the Treatment of Offenders, this uniquely important committee has been found necessary by every government since 1945, costing the country virtually nothing.

We would dare to say that there is none among the dozen or more Home Secretaries of those years, to say nothing of the hundreds of officials concerned in the quest for a more effective social attitude to crime, who would not wish to see the work of this advisory council continue. For 35 years its researches and recommendations have inspired some of the most valuable changes in our criminal law and procedure, including, of course, the use of Community Service Orders.

Its sudden abolition is not only an affront to the distinguished men and women who have given their time to it: it is an implication, ludicrous in the face of the state of crime today, that we now know all the answers and are about to put them into effect. We earnestly entreat the Government to think again.

Yours faithfully,
JOHN HUNT,
House of Lords.

From the Vice-Chancellor of Reading University

Sir, Some "Quangos" may be little loved, might be little missed and their abolition might bring savings and other benefits. The Computer Board for Universities is in a different category. During the

few years of its existence through-out which it has been responsible for allocating to universities "be sums of public money needed to buy and run computers, The Computer Board has transformed the quite unsatisfactory situation of university computing, which existed at the time of the investigation under the chairmanship of Professor (now Lord) Flowers, into one where university students can be taught to use computers and to work with them where computers can be applied to assist research in many disciplines and where advanced research into computing science itself is flourishing.

Cooperation between groups of universities has been fostered by The Computer Board, vast duplication of effort on software production has been avoided, highly competitive tendering for equipment, services and supplies has been introduced and most professional attitudes to procurement and the relevant experience have been acquired. The developments in technology present problems which are being tackled. The services of the small group of government servants and costs of the tiny fees and the expenses of the independent computer experts who have served on it have been more than offset by substantial financial benefits.

It would be a tragedy if the benefits gained and those in prospect were squandered by the abolition of The Computer Board and a failure to establish a satisfactory alternative computing is a field which must be important, if not vital, for the future prosperity of Britain and short term small savings could entail long term huge losses.

Yours faithfully,
E. S. PAGE,
The University,
Whiteknights,
Reading,
Berkshire.

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Amendment to the abortion law

From the Reverend David F. Ward
Sir, The Bishop of Durham's accusation (January 30) of "emotional blackmail" against those who are actively supporting the Corrie Bill would have rung more true had it been backed up by clearer thinking.

It may be that some call the unborn child in the early weeks of its existence "an insignificant piece of tissue". Insignificant though it may be, however, in size and appearance, its known potential to develop into a child cannot be ignored or dismissed. While it is difficult to prove that at the moment of conception a human life exists, it is even more difficult to prove that it does not.

It must follow, then, that to take the risk involved in destroying what is certainly potential human life must be judged by the law to be a very serious one, with which it would regard the taking of a foetus and its subsequent development in any other aspect of life. The only difference in the case of abortion is that the victim is incapable of protest or defence. Can this be called Christian justice?

Yours faithfully,
DAVID F. WARD,
Chaplain,
Chaplaincy for University Catholics,
172 Perth Road, Dundee.

From Dr J. F. Searle

Sir, Many of your readers will be grateful to the Bishop of Durham (January 30) for reminding them of the complexities of abortion legislation. His alternative to further legislation is for the medical profession and other responsible people to work out a code of abortion practice which takes into account the strong expressions of public feeling which the Corrie Bill has aroused.

However, at the present time there is little evidence to suggest that the profession would be prepared to work out or operate such a code. Indeed, in recent years the trend has been for the profession to interpret the 1967 Act as widely as possible. The medical profession itself is responsible for the fact that in our country a code of abortion practice has not been better than that the birth of a child is inconvenient to the mother.

Blunt instrument the law may be. But when the profession shows itself unwilling to adopt any code other than abortion on demand what instrument other than the law is available to alter it?

Yours faithfully,
J. F. SEARLE,
8 Thornton Hill, Exeter.

From Lord Amulree and others

Sir, While we recognise that the desire to make cuts necessitates difficult decisions and the probability that some projects of value may have to be abandoned, we feel that the recently mentioned possibility of the British Council having to close its libraries and other services in Ethiopia would be particularly unfortunate.

The British Council Library in Addis Ababa performs a genuine public service in that it caters to a student and postgraduate population eager for knowledge and, in particular, knowledge about the outside world. The library is not large, yet it is always crowded and effects nearly 75,000 book loans a year. It provides a valuable point of contact between British and the Ethiopian people—a contact that, incidentally, very largely independent of the Ethiopian Government. At a time when Soviet influence in Ethiopia is so strong, it would be the height of folly to withdraw this opportunity of international contact.

If Her Majesty's Government feels that it must effect a saving on its overall public relations expenditure in Ethiopia, we would suggest that a careful look might be given to relocating the British compound in its offices and information centre in the Pappasinos Building in the town.

If the Council must itself make savings, surely, as a matter of general principle, it should look for such savings by rationalizing and reducing its substantial central management before abandoning operations which are its *raison d'être*.

Yours faithfully,
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RHODESIA'S HAZARDOUS ELECTION

It is not surprising that after surveying the election prospect in Rhodesia, Mr Ian Smith has told his white friends that they should swing such influence as they have behind Mr Nkomo and Zanu PF. He would hardly do so if he thought Bishop Murewa had any chance of winning most seats, even coming second. It is significant that he feels he can ask the whites to help a man so many of them detest.

But Mr Smith has shown long ago that he thinks Mr Nkomo would make the best black leader for Zimbabwe—that is for a country in which whites could live tolerably. Mr Smith negotiated for months to bring Mr Nkomo in, before the Kissinger intervention; but he could not carry his party with him on any offer to Mr Nkomo that Mr Nkomo could have sold to his own wing of the Patriotic Front. Mr Smith went to Lusaka in the hope of detaching Mr Nkomo in some way from the Zanu wing of the PF, a scheme that also aborted, and in the end the internal settlement was reached—and a much more far-reaching one under stress of events—with the Bishop, who became the first black prime minister.

Mr Smith never seems to have had much confidence in the

Bishop, and like the British Government, failed to give him the support needed to consolidate his position. He finally lost what confidence remained with the Bishop, under skilled British pressures, abandoned the white safeguards, among so much else that had been agreed as his delegation's policy, but the Bishop was then the leader, he carried his delegation, and Mr Smith proved impotent; he was hoist with his own petard. Bitterness may have entered into his words yesterday, but Mr Smith is fighting realistically the last stages of a long and disastrous rearward action. Moreover, it is doubtful if the whites have anything like the powers of persuasion they showed at the previous election which the Bishop won. At the end of the day white influence will be measured by the use they make of the twenty white roll seats in the Assembly.

First reports from the Cease-fire Commission show that the Zanu guerrillas are responsible for most by far of the breaches of the agreement. What this means in terms of electoral persuasion remains to be seen: the Security Council, and Mr Dayal of the Commonwealth Observers' team, seem much more concerned with the UANC auxiliaries, who

are responsible for few. The majority in the Security Council seem to want in this situation to shoot the pianist because of reports that he isn't playing well enough. But as there is no other pianist, what the Council thinks it can achieve is obscure. The South Africans at Beit Bridge have been replaced, and even Mr Mugabe is not demanding a purge at this penultimate moment of South African volunteers now under Lord Soames' command. The Council no doubt counts on a British veto as a preliminary to a general campaign of innuendo. No note, it seems, has been taken in New York of the remarks of those Zanu party dissidents whom Mr Mugabe detained in Mozambique.

Britain's problem is to end up at the close of poll with a general acceptance by all parties that whatever regrettable events may have occurred, honours all round are about even, and that the verdict of the polls will be accepted whatever the count finally shows the electorate's choice to be. By leading the chorus shouting "foul" at every juncture, the UN mischiefmakers will only make that outcome harder to realize, and the risk of condemning Zimbabwe to more civil war the greater. This is utterly irresponsible.

What I have written should not be taken as an appeal to restrict public rights. On the other hand, I suggest that many of the people to whom I have referred would wish us to have judges who would be at their mercy and subject to instant dismissal should their decisions be not to their liking. I think that many of the people to whom I have referred would wish us to have judges who would be at their mercy and subject to instant dismissal should their decisions be not to their liking.

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ARE THE SAVINGS THE RIGHT ONES?

January is early in the session to see the guillotine begin to fall in the Commons, as it did on the Education Bill this week. But the Opposition had mounted an energetic filibuster (it took eight committee sittings to get through the first six, relatively uncontroversial clauses, and matters went downhill from there), and the Government is anxious to pass the Bill before the financial year ends, so that education authorities can plan their spending to take advantage of the new economy measures that the Bill will sanction. Since the Rate Support Grant has already been assigned on the assumption that these economies will be made (and they amount to more than two-thirds of all the education cuts that the Government is hoping for) authorities which refuse to cooperate will have to make large savings elsewhere.

The immediate economic motive, which has grown more acute since the Bill was published, has given urgency to a complex measure whose provisions range from parent governors to school milk. Apart from the contentious money-saving proposals, its most important aims are to give modified effect to the Taylor Committee's recommendations for elected parent governors, to give rights of appeal to parents whose children have not been admitted to their preferred school, to simplify procedures for reducing a school's intake and to establish

an assisted places scheme to help children attend independent schools. Some of these changes, the right of appeal, for instance, may go some way to offset the savings made elsewhere in the Bill.

The Government hope that £200m can be saved by relaxing the statutory obligations on education

LAING

make ideas take shape

Stock markets
FT Index 453.3, down 4.3
FT Gilts 67.27, down 0.42

Sterling
£2.2670, up 50 points
Index 71.8, up 0.1

Dollar
Index 85.1, up 0.1

Gold
\$650, down \$40

Money
3mth sterling 174-175
3mth Euro-S 144-145
6mth Euro-S 144-145

IN BRIEF

No Lornrho deal decision before mid February

Mr Tom Ferguson, the London representative of Gulf Fisheries of Kuwait which is in talks to sell its 19 per cent stake in Lornrho, a company owned by Mr Graham Ferguson, said yesterday that no decision on the deal is now likely before February 14.

The statement that talks could be concluded this week was a little optimistic, he said.

"We are still negotiating with Mr Ferguson Lacey, who has supplied us with a reference and we are satisfied that he could raise the finance required," said yesterday's closing price the stake would cost £40.8 million.

Mr Ferguson Lacey is on a business trip which includes Bermuda, New York and Washington.

Energy jump

Britain's energy consumption jumped 3.4 per cent between September and November. The leap is blamed on colder weather.

Stamp duty protest

The House Builders Federation is to press the Chancellor of the Exchequer to remove stamp duty in next month's budget for houses costing less than £35,000. The present starting price is £20,000.

Societies to merge

The Midlands and Town and Country building societies are to merge in October under the name of the new society will have assets of £600m, making it the seventh largest in the country.

Delta redundancies

The Enfield Rolling Mills division of Delta Metals is to stop making rolled copper and brass sheet and strip products at its Brimsdown plant in Enfield, Middlesex. It is expected that 850 of the 1,350 workforce will be made redundant.

Post Office contract

Pye Business Communications has won a contract worth £11m to supply the Post Office with its Philips EBX8000 computerized telephone system.

Meccano proposal

An increase in the redundancy payments for Meccano workers is to be proposed by Airfix Industries to a mass meeting at the factory in Liverpool on Monday.

China motor order

Laurence Scott, the Norwich electrical engineering company and Electro Motors have won a £500,000 order from China for 24 electric motors for four power stations.

Iran ruling postponed

A French court has postponed until February 11 its decision on an Iranian government attempt to gain the release of some \$100m from the Bank of America's Paris branch.

Dow Jones down

The Dow Jones industrial average lost six points yesterday and closed at \$75.85 as turnover swelled to 65.90 million shares from yesterday's 51.17. It was the fourth heaviest turnover on record. The S&P 500 was 1.3154 and the ESDR was 0.580056.

Cabinet clash on spending cuts may delay White Paper

By Caroline Atkinson

Cabinet disagreement about the proposed Government's spending cuts are now threatening the timetable for the Treasury's White Paper on public spending.

The final spending decisions were supposed to be taken at a Cabinet meeting yesterday. However the meeting broke up without agreement being reached. The discussions are to be resumed in Cabinet next week.

The Treasury has been keen to get ministerial approval for spending cuts this week. In order to make sure that the White Paper can be produced, as planned, in the week before the Budget.

Ministers have been arguing both about the cuts planned for the coming financial year 1980-81, and for later years to 1983-84. The discussion seems to have centred first on the proposals for the coming year. It is always very hard to cut spending at short notice.

Originally the Treasury and the Prime Minister appeared to be hoping for very substantial cuts in spending in 1980-81. Mrs Thatcher agreed that she would like to see up to £2,000m taken off the present plans.

However, £1,000m of that was to come from a cut in Britain's net contribution to the EEC. This reduction is now likely to be much smaller. It will also be hard to get £1,000m off other public spending next year.

The Treasury had accepted by last week that the cuts for the coming year might have to be smaller than this, even though the full year effect would be larger.

A decision to cut the uprating in unemployment and other benefits in November will save much less in the first year, as the cut only goes into force half way through the spending year.

Treasury ministers will clearly be disappointed that it is proving so hard to get the cuts through the Cabinet. They believe that it is essential to bring down public spending in order to hold down Government borrowing in the coming year while also, if possible, reducing income tax.

A hard budget is now almost certain, with rises in indirect taxes on tobacco and alcohol. The Government could raise £300m in a full year by putting up the duties on these to compensate for the inflation since they were last raised in 1977. However, the effect in 1980-81 would be considerably smaller. Increases of this size would also

push up the retail price index significantly.

The Government needs to find a lot of money if it is to reduce taxes by more than enough to offset inflation. It will cost about £2,000m to raise tax allowances in line with inflation.

The Conservatives supported the original legislation—the Reckitt-Wise amendment—which makes governments raise tax allowances with inflation. But, it is argued, they now advocate cutting the link between unemployment benefit and inflation.

The poverty trap—whereby those in work can have smaller incomes than those out of work—will now no longer automatically increase, if tax allowances do not go up with inflation. The Government may decide to cut the link between prices and tax allowances, too. This would clearly be a very controversial step for the Chancellor to take in his Budget. He would only do it if he decided that other income tax cuts were more worth while than the raising of allowances.

The Government's timetable for its spending decision has been in disarray. Part of the trouble now is that ministers have reopened decisions taken last summer and autumn.

Plans for 1980-81 were first published in November last year, but have now had to be redone to some extent.

The Government's intention last year was to keep spending roughly stable over the next few years. But since then it has realised how tight its finances are likely to be for the next few years.

It now intends to cut spending throughout the period to 1985-86 in its plan to be published in the White Paper next month.

Yesterday, for the first time, the Chancellor confirmed officially that the Government's borrowing requirement (PSBR) for this year would be higher than last year's. He said it would approach £9,000m this financial year, rather than the £8,300m forecast. The higher figure has been thought likely for some time.

Part of the reason for the overshoot is higher-than-expected Government spending. The Government drive for spending cuts next year is an attempt to keep borrowing under control. The PSBR for 1980-81 would, on unchanged policies, be much higher than the £9,000m forecast for this year.

Allied clinches £21m brewery deal

By Richard Allen

In a significant rationalisation of the Scottish beer industry, Vaux Breweries is to shut its main Edinburgh brewery and sell its 214-pub Lorimer subsidiary to Mr Keith Showering's Allied Breweries in a £21m deal.

The sale, which caused controversy in the City brings together two of Scotland's smaller brewers—Allied's subsidiary Ind Coopers, with around 7 per cent of the beer market north of the border, and Lorimer with under 3 per cent.

Allied paid for the takeover with the issue of 29.6m shares—just under 5 per cent of its existing capital—and these were placed for Vaux in the market yesterday. The stockbroker, Cazenove, handled the placing which was pitched at fractionally under 71p a share, a discount of around 7 per cent on the market opening price.

Vaux shares suspended before the deal, rose 15p to 52p on their return, while Allied fell back 2 1/2p to 74p.

Like Lorimer, Ind Coopers has been under severe pressure in recent years as a result of competition from the Scottish majors, Bass and Scottish &

However, an Allied spokesman said that the placing, which took just under two hours, had gone "fairly smoothly".

Both Allied and Vaux claimed yesterday that the takeover amounted to a "very good deal". Mr Paul Nicholson, chairman of Vaux, said that with Lorimer's share of the Scottish beer market continuing to decline, the group had no option but to close its main Scottish brewery and substantially reduce the scale of operations north of the border.

"Before carrying out the rationalisation we approached Ind Coopers to explore whether a more satisfactory result could be achieved."

Although Allied has around 50 public houses in Scotland its Alloa brewery concentrates mainly on free trade and has been working under capacity for some years. The expansion of the group's Scottish "estate" to over 260 tied houses is expected to allow the brewery to reach full capacity.

Like Lorimer, Ind Coopers has been under severe pressure in recent years as a result of competition from the Scottish majors, Bass and Scottish &

Newcastle which together control around 75 per cent of the market.

An Allied spokesman said yesterday that, as a result of the merger, "a new strong force" could emerge in Scotland with the ability to compete in the market.

In a gesture to the Lorimers workforce, Vaux plans to use some of the cash raised to make "thank you payments" to employees. All workers at Edinburgh will receive cash payments worth £50 for each year of service. Those that cannot be found jobs by Allied will receive £250 for each year of service to a maximum of £2,500—over and above normal compensation payments negotiated by the unions involved.

Vaux, which saw full-year profits rise 10 per cent to £8.26m last year, intends to use the rest of the cash to clear short-term borrowings and to expand its north-country brewing interests and its 40-strong Swallow hotels chain.

In the stockmarket the deal was seen as good news for Vaux and a gamble for Allied.

Financial Editor, page 19

Exporters look to Rhodesian markets

By Ross Davies

Southern Rhodesia could be the biggest export market in Africa after Nigeria and South Africa given political stability after this month's elections.

This was a view expressed by a Department of Trade spokesman and endorsed by British businessmen in London yesterday when an 11-man CBI mission reported on eight days of talks in Rhodesia with black and white business leaders.

The CBI is now considering whether to send out a major mission, possibly led by Sir John Partridge. He is a past president of the CBI as well as a former chairman of Imperial Group, a big buyer of Rhodesian tobacco until UDI.

Medium and long-term business prospects in Rhodesia "should be excellent," said Mr Daniel Stewart, leader of the returning CBI mission.

Mr Stewart is the general manager for Central, East and Southern Africa of Standard Chartered Bank, whose Standard Bank subsidiary is Rhodesia's principal high-street clearer.

"The Rhodesians need all types of capital goods for their railways, power stations, transport and mining," he went on.

Mr Stewart said that given stability, Rhodesian international credit rating would be "very high". The country was very under-borrowed.

Swiss call for banks to dampen gold price

From Peter Norman

Brussels, Jan 31

Dr Fritz Leutwiler, president of the Swiss National Bank, has once again advocated central bank intervention in the gold market to curb wild price movements.

In today's issue of *Handelsblatt*, the West German business daily, Dr Leutwiler was quoted as saying that central banks should exercise a certain amount of control over the gold price to dampen down inflationary expectations and prevent speculation on the gold market from spreading on to foreign exchange markets.

A significant factor behind the recent rush into gold was a lack of trust in paper money, including the Deutsche mark and the Swiss franc, and the recent relatively strong performance of the dollar on foreign exchange markets.

Should not give rise to premature satisfaction, he said.

What has provoked Dr Leutwiler to raise the issue of central bank intervention in gold at this time remains a mystery. Neither he nor his spokesman were available for comment in Zurich today.

He has suggested central bank intervention in the gold market before, at the meeting of the International Monetary Fund in Belgrade last autumn and again to foreign journalists in Geneva last December.

However, at the meeting of central bank governors in Basel last month, the issue was quickly disposed of once it became apparent that neither the French nor West German

central banks would support the idea.

This does not mean that Dr Leutwiler is entirely without supporters, although it is hard to imagine that proposals to sell gold from the reserves of his own bank would go down well with investors. Bonn, Close advisers of Herr Helmut Schmidt, the Chancellor, have expressed particular concern about the way in which a sharply rising gold price might now feed into inflation in the West German mind.

Frank Vogt writes: Silver prices have gone too high and are likely to fall, the price of gold has also reached unrealistic heights and may well fall, and grain prices in the futures market have been affected much in the longer term by President Carter's decision to limit exports to the Soviet Union.

These are some of the conclusions reached by experts at Chase Economic Associates in an analysis of the economic consequences of the heightened American-Soviet political tension. The analysis indicates that the effects on inflation, exports and markets in the United States will be less than generally suggested.

Recent political events fuelled speculative fever in the gold and silver markets but this would have little direct effect on the American economy. The rise in the silver price was "very out of line with underlying demand-supply trends".

The Chase experts predicted that the grain embargo would reduce agricultural exports by up to \$3,000m this year.

BNOC sale could cut state loans by £700m

By Nicholas Hirst

Energy Correspondent

Oil and gas reserves and exploration acreage of the British National Oil Corporation, in which the Government intends to offer shares to the public, have been valued at £2,300m.

The analysis, by the City stockbrokers, Hoare, Goettsch, is roughly in line with internal estimates made by the corporation itself.

It means that, a sale of just a third of the BNOC's assets, could raise nearly £700m to reduce the public sector borrowing requirement. If the sale could be organized for the 1980-81 financial year, it would reduce the pressure to make cuts in services.

An announcement of the Government's plans for the reorganization of the corporation has been expected for the last few weeks, but details are still being worked out.

Mr David Howell, the Secretary of State for Energy, has told Parliament of his intention to create a North Sea company out of BNOC, into which private capital could be injected.

BNOC had hoped that the North Sea side of the company would remain a subsidiary of the oil trading arm, of which the Government would retain control in order to safeguard the nation's future supplies of crude oil.

The Government has considered whether it should offer shares in the North Sea company in a manner specifically designed to attract institutional investors, and even whether it should carry through an idea promoted by Mr Samuel Brittan, the economist, to give the public a share in the North Sea, free of charge.

The need to reduce the public sector borrowing requirement, however, is likely to be paramount. Because BNOC will soon be a net contributor to the exchequer, the most advantageous sale in economic terms might be to sell a minority stake while it is still a small profit earner, so reducing government borrowing in that year while keeping a majority stake to take full advantage of revenues in later years.

In deciding the course to take, the Government has had to consider whether all the oil produced by the BNOC North Sea interests would automatically go to the trading arm.

Spot prices fell: Oil prices on the spot market have fallen this week to levels where they are little different from prices charged by members of Opec.

Values ranged from \$30 to \$33, which compares favourably with the \$33 being charged by Algeria for its crude and the near \$35 charged by Libya. Spot prices have now fallen steadily since Opec's indecisive meeting in Caracas (Venezuela) in December, while producers have pushed up prices on contract.

For a time at least it looks as though the value of oil may have peaked. This week Arabi raised its prices from \$24 to \$26 a barrel. However, the decision of the Gulf states to raise their prices in line with the Saudi Arabian increase destroyed the chance of a unified price structure.

There was speculation yesterday that Algeria and Indonesia might increase their prices in line with the others.

But with the spot market having fallen, there must be doubts as to whether a further increase by Algeria would hold, and a further rise by Libya, looks increasingly unlikely.

Financial Editor, Page 19

Payments of \$5m 'not disclosed'

From Frank Vogl

US Economics Correspondent

Washington, Jan 31

The Securities and Exchange Commission in the United States has accused Textron Incorporated of failing to disclose \$5.4m (about £2.7m) of overseas payments between 1971 and 1978.

Mr William Miller, now the United States Secretary of the Treasury, was chairman of Textron for most of that period. Textron has entered into a consent decree with the SEC and has agreed to an injunction on it imposed by the commission. Textron said it agreed to this for "failing to disclose material information concerning payments directly or indirectly to foreign government officials and employees."

These payments were allegedly made in Africa and Asia by the Bell Helicopter division of Textron. The SEC investigation was sparked off by vague bribery allegations made at a United States Senate committee hearing in 1978.

Mr Miller was seeking Senate confirmation as chairman of the Federal Reserve Board.

Decline in UK textile industry 'unavoidable'

By John Huxley

An overall decline and loss of jobs in the textiles and clothing industry was bound to continue regardless of government action, Mr Cecil Parkinson, Minister of State at the Department of Trade, told businessmen in Manchester yesterday.

However, he said that difficulties facing the man-made fibres industry because of low-cost imports from the United States represented "a very special problem".

Curbs on the American imports, which benefit from artificially low energy prices, will be considered at a meeting of the EEC Council of Ministers in Brussels next week.

Mr Parkinson delivered a strong warning against further

delay over action. "I can say that the time for consultation is over. Decisions have got to be made."

His statement will raise the hopes of man-made fibre producers who have been angered by rumours from Brussels that action will again be postponed. If it is the Government will come under strong pressure to take unilateral action.

Meanwhile, Mr Parkinson has promised that the Government will fight unfair textile trading practices wherever they occur, insist upon strict application of the existing Multi Fibre Arrangement (MFA) controls, and seek orderly arrangements for the accession of Spain and Portugal to the European Community.

There was no prospect of

reducing imports but particular attention would be paid to securing acceptable rates of growth. "Controls on imports from the developing world will continue in some form, probably not significantly different structurally from the present MFA."

Mr Parkinson said the prospect for much of the textiles and clothing industry was one of real and lasting viability. "However, the process of restructuring, labour shakeouts and general decline in the industry, has not ended and, regardless of what measures governments take or do not take, will not stop yet."

Fabrics factory closing: Bernard Wardle, the subject of a takeover bid from Birmingham

and Midlands Counties Trust, is to close its coated fabrics plant at Caernarvon and concentrate production at its Armadillo factory at Ebury, near Colne, Lancashire.

About 220 jobs will be lost.

The cutback in coated fabrics production has been prompted largely by the decline in demand from the motor vehicle industry.

Derek Harris writes: Britain will not bring in temporary restrictions on textile imports from Hongkong. Mr John Nott, Secretary of State for Trade, said in London yesterday on return from his Far East tour.

Britain would abide by MFA although the Government recognized the difficulties of the British textile industry with its unemployment problem.

Out of more than five hundred staff only a dozen see the last act

Price Commission faces the final curtain

At Market Towers, the 21-storey office complex overlooking Nine Elms near London's Vauxhall Bridge, last night the Price Commission show only a flicker of life.

The commission was declared moribund by the Tory Government shortly after it took office. Disembodiment, which was to prove a painful business for some, started even before the beginning of last August when most commission members including Mr Charles Williams, the chairman, left.

Death of the commission will not be legal until the Competition Bill is written into the statute book in about a couple of months' time.

Once spread around 13 floors of the building, the commission is now down to a few rooms where a dozen people see out the twilight period. They include Mr Leslie Pincott, chairman, Mr Roger Opie, deputy chairman, and Sir Nick Larmour.

Various records are still being sorted out, some of them are destined for destruction and others, of commercially sensitive material will be filed in secret for 30 years.

At its peak the commission had a staff complement of 560 with 15 members, including three deputy chairmen. The



Mr Leslie Pincott: chairman of the dismembered Commission.



Mr Roger Opie: twilight period for once bustling office.

only full-time member was Mr Williams who announced his new appointment as chairman of the Henry Ansbacher merchant bank in December.

There were 536 staff at the commission last May: they were a mixture of seconded civil servants, directly recruited senior staff at professional level and other directly recruited grades. Out of the 536 people 351 were employed directly and faced the sack.

A resettlement unit was set up to help find jobs but immediately after the break-up only 113 were believed to have been successful.

Almost all those finding new

jobs were junior staff and more senior personnel were known to be struggling to get adequate re-employment. Those in their 40s who had been at the commission for up to five years and had moved up the ladder appeared to be having the biggest problems.

The difficulties are indicated by the numbers who are only now writing in for such administrative details as the transfer of pension rights to new jobs.

Of the 185 civil servants at the commission, 107 had been reassigned to other departments at the end of July. Some of the remainder were due to go to the Monopolies and Mergers Commission which—

like the Office of Fair Trading (OFT)—will need extra staff to cope with the expanded roles envisaged in the Competition Bill.

The Price Commission was meanwhile clearing up investigations; an archives project detailing the commission's history also filled the gap. By October the commission was down to 19 civil servants.

So far the OFT has taken over two civil servants and the Monopolies Commission has a nucleus of about dozen ex-Price Commission senior staff. Of four under-secretaries at the Price Commission, not all of whom were career civil servants, two have gone back to Whitehall and two have made redundant. One of the redundant under-secretaries has been recruited into a Whitehall department.

Some of the reassigned civil servants have not dropped out in moving to other departments. Others have had to accept as a hazard of improving one's status during secondment. Some, particularly those who have been away from their original departments for long periods, have been retired one or two years early.

Dereck Harris



Mr Keith Showering: £21m deal with Vaux Breweries.

Manchester Liners stake sale agreed 'in principle'

By Peter Wainwright

Eurocanadian Shipholdings, where Canadian shipping entrepreneur Mr Frank Narby was until recently chief executive, has agreed in principle to sell its 57.5 per cent shareholding in Manchester Liners to a subsidiary of Canadian National Railways.

If the deal goes through it will signal the end of Mr Narby's grand design to merge Manchester Liners' North Atlantic container business with Eurocanadian's.

Mr Klaus Glusang, Eurocanadian's senior executive officer (containers) said: "It has become clear in recent months that our original project of ensuring the long term viability of Manchester Liners by merging their North Atlantic volume with our own container operation is no longer valid."

"In view of our expansion projects which include large new ships... I recommended to our board disposal of the Manchester Liners shareholding."

Mr Peter Twiss, Eurocanadian's senior executive officer (ships and investments) added: "Ever since we placed our first orders last year for our new generation 'conbulkers' (the 70,000 dwt ships), I have felt that it is difficult to justify our continued investment in Manchester Liners."

Furness is thought to welcome with caution the opportunity of working in Manchester Liners with Canadian National Railways, a big Manchester Liners customer.

But Mr Twiss's assertion that Furness itself had shown interest in disposing of its own Manchester Liners stake was considered mystifying.

On its own the transaction does not affect Eurocanadian's role in Furness Withy. To comply with a Monopolies Commission ruling, Mr Narby has lowered his stake to just under 10 per cent. But the Office of Fair Trading would render this shareholding without a vote if Mr Narby tried to influence the Furness board.

Financial Editor, page 19



The British Petroleum Company Limited Ordinary Shares of 25p each

Offer for Sale by the Bank of England

on behalf of H.M. Government

Final Instalment Due

6th February 1980

The Bank of England wish to remind holders of Letters of Acceptance that the final instalment of £2.13 per Share MUST BE PAID BY 3 P.M. ON 6TH FEBRUARY. Cheques for the amounts due, made payable to the Bank of England and crossed "Not negotiable—BP Shares", must be forwarded, with the LETTERS OF ACCEPTANCE, TO THE APPROPRIATE RECEIVING BANK WHOSE NAME AND ADDRESS APPEARS IN THE BOX ON THE RIGHT-HAND SIDE OF PAGE 1 OF LETTERS OF ACCEPTANCE.

Registration of Renunciation

The attention of holders of renounced Letters of Acceptance, i.e., those with Form X completed or marked "Original duly renounced", is drawn to instruction 5 on page 3 of the Letter. The removal of United Kingdom exchange controls means that the declaration at the foot of Form Y on page 4 need no longer be made. Accordingly it may be deleted when Form Y is signed prior to lodgment of fully paid Letters for registration of renunciation on or before 3 p.m. on 20th February.

PRICE CHANGES

Rises	F
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\$1,500m credits sought by Turkey

A Turkish delegation is to leave Ankara on Saturday for Bonn and Washington for talks with the International Monetary Fund and the World Bank. This follows last week's announcement of the "package of economic measures" to be taken by the conservative minority government.

The aim of the visit is to obtain credits of about \$1,500m (£650m) to help the ailing Turkish economy until the medium-term benefits from the measures are felt in about a year.

The delegation, which will include the governor of the central bank and the head of the treasury, will be led by Mr Korkut Ozal, who devised the measures which would be a more liberal economic policy for Turkey, opening it up to foreign capital in an unprecedented way.

New Hoesch furnace

Estel has given approval to a DM550m (£134m) restructuring plan for its West German subsidiary, Hoesch Hüttenwerke, involving the replacement of three Siemens-Martin open hearth furnaces by a modern continuous cast blast furnace.

German car output

West German car production will fall by as much as 10 per cent in 1980, according to Herr Horst Backmann, president of the automobile industry association. But improved export prospects will soften the effects for German vehicle producers of a downturn in the economy.

Norway oil target

Norway's annual production ceiling of 90 million tonnes of oil and gas equivalents remains unchanged in a government White Paper to be submitted in Parliament on February 8, but it is unlikely production in the 1980s will exceed 70 million tonnes.

Toyota changes policy

Toyota, Japan's largest car maker, and its sales arm are considering a reduction in knock-down production of passenger cars in Portugal and Ireland because restrictions on car imports are being relaxed.

Peru loan moves

Peru is to raise about \$1,000m in credits for mining, transport and agricultural projects in the wake of the nation's economic recovery, Señor Javier Silva Rute, the finance minister, announced.

US budget fears

Fears that President Carter's projected budget deficit of \$16,000m for fiscal 1981 could nearly double to \$30,000m were voiced in the House Budget Committee.

Belgian production up

Belgian industrial production rose by 1.8 per cent in November compared with October, but was down 0.4 per cent on the previous year.

Danish decline

Danish industry is forecasting a decline in the first quarter of 1980 compared with the last quarter of 1979. Export and import orders from home and abroad will fall.

Hoechst raises prices

Hoechst is to raise its European "Hosafion" fluoroplastic prices by between 10 and 15 per cent in February because of increases in raw material and energy costs.

Middle East growth

The Middle East will have the fastest growth in the world this year because of its oil revenue in contrast to the West which is sliding into recession, according to the Committee for Middle East Trade.

GARFORD-LILLEY INDUSTRIES LTD

INTERIM REPORT

The Directors announce the unaudited results for the half-year ended 30th September, 1979, as follows:

	Half year to 30.9.79	Half year to 30.9.78
Turnover	2,876,562	2,303,765
Group Profit, before taxation	240,355	193,225
Taxation	124,985	100,477
Profit, after taxation	115,370	92,748
Earnings per share	1.75p	1.41p

The Directors have declared an Interim Dividend in respect of the year ending 31st March, 1980, of 0.25p a share (1979-0.175p), amounting to £16,482, payable on 15th March, 1980, to shareholders registered at close of business on 26th February, 1980. The interim dividend has been increased in order to reduce the disparity between the interim and the final, and does not imply an increase in the total distributable profits for the year, which will be considered when the final results are known.

The results for the first half of the current year are encouraging in respect of sales and might have pointed to a very satisfactory increase in profits for the full year. However, both the engineers' and the steelworkers' strikes must have some indirect adverse effect on operations in the second half. It will be possible to maintain the same progress because of the unsettled conditions prevailing, particularly in the consumer trade.

Because of these circumstances it would be unwise to forecast how the Group will fare at the end of the financial year, but the Directors hope that, in spite of the many problems, the steady trend of progress of recent years will be maintained.

New chairman tackles problem facing America's largest steel company

US Steel's losses signify turnaround

US Steel, the largest American steelmaker, ended 1979 awash in red ink, the result of the November decision to close all or part of 16 plants and to lose about 13,000 jobs.

The red ink is good news to industry experts who have long argued that US Steel needs to make large economies to restore its operations. The red ink indicates that the retrenchment is under way, and that Mr William R. Roesch is firmly in control of the steel operations.

Mr Roesch, 54, was a coalmine mechanic and he rose to head two large steel companies before he became president and chief operating officer of US Steel last year. He is overhauling the company's steelmaking operations.

The plant closures are only the most visible part of his plans, which include a restructuring of lines of authority, a softening of the company's bitter resistance to environmental regulations, and emphasis on the quality of steel products rather than on their quantity.

Customers are sceptical that US Steel, which recently has been emphasizing diversification, will commit the resources necessary to improve significantly its steel operations. Many observers believe that Mr Roesch's biggest problem will be overcoming the ingrained attitudes that got US Steel into trouble.

"There's an attitude in the steel industry that says, 'If it worked last year, it will work this year', says an industry economist, "and US Steel personifies that attitude."

From 1974 to 1978, when the steel

industry's average return on equity was 10.1 per cent, US Steel's was only 8.6 per cent.

Although US Steel is by far the largest American steelmaker, with more than 20 per cent of the domestic market, its plants are the oldest in the industry and its productivity lags behind the rest of the industry.

Mr Charles Bradford, an analyst at Merrill Lynch, Pierce, Fenner and Smith, calculates that during the five years to 1978 US Steel's employment costs in steel averaged about 40 per cent of steel sales. That is better than America's second largest steelmaker, Bethlehem Steel Corp, which has an average of 42 per cent, but is much worse than the 28 per cent to 34 per cent range of other steelmakers.

The root of US Steel's problems seems to be a long standing resistance to change. As the economic and political circumstances facing the steel industry have altered over the past 20 years, US Steel has failed to adapt as well as other steelmakers. That is why many observers see Mr Roesch as the key to US Steel's recovery.

He has already changed US Steel's attitude towards environmental regulations. Meeting environmental standards has been the steel industry's biggest problem in the past decade: cleaning up steel mills is technically difficult and expensive. None of the large steelmakers has moved quickly to comply with environmental regulations over the past 10 years, but US Steel's opposition was particularly bitter.

Settling some of the company's differ-

ences with the EPA enabled Mr Roesch to undertake, in the second quarter of 1979, a plant-by-plant study of US Steel's facilities. The result of that study was the November closures.

The move will rid US Steel of unprofitable operations; it will allow the company to make better use of the surviving facilities and to concentrate future capital spending on modernizing plants. US Steel has also abandoned its habit of ignoring foreign technological innovations.

The example of the company's "invent-here" syndrome most often cited by industrialists is the design and construction in the early 1970s of a big blast furnace at US Steel's Gary, Ind., works.

The Japanese steel industry had been building and operating such furnaces for some time, but US Steel apparently sought only minimal advice from the Japanese before designing and building the number 13 blast furnace at Gary.

But last summer, Mr Roesch called in experts from Nippon Kaidan KK, one of Japan's largest steelmakers, to look at the furnace and suggest improvements. After six months of rebuilding that cost nearly \$100m the furnace was restarted.

Once it is broken in, US Steel predicts, it will produce 7,500 tons of iron a day. The company also signed a contract recently with Sumitomo Metal Industries of Japan that calls for Sumitomo to provide technology to help US Steel's rolling plate and pipe mills in Baytown, Texas.

Douglas R. Sease
AP-DOW JONES

New Govan Shipbuilders production targets

By Peter Hill

New production targets are to be negotiated at Govan Shipbuilders in an attempt to raise productivity and enable the yard to secure new orders.

Senior executives of British Shipbuilders are working on the new targets, which will be the subject of negotiation with workers. Mr Eric Mackie, the new chairman of Govan Shipbuilders, disclosed yesterday at a press conference that if the company were to achieve its financial targets it would require the full cooperation of the entire labour force.

"I did not come here to close Govan down but to make Govan work, and I am going to pull out every stop to do that," said Mr Mackie, who was appointed after the unexpected dismissal of Mr Archie Gilchrist, the previous chairman.

The company has two of its Cardiff-class bulk carriers on order and is completing work on six of the ships placed with the yard in the controversial Anglo-Polish shipbuilding deal. All the Polish ships are due to be delivered by May and all are at present on schedule.

Mr Mackie reported that Govan was seeking orders from Hongkong, Greece and Canada covering a range of ship types from bulk carriers and products carriers to liquefied gas tankers and ferries. The company also plans to bid for engine conversion contracts on the basis that many shipowners with steam turbine vessels are now beginning to consider the possibility of converting propulsion units to diesel power because of rising energy costs.

Meanwhile British shipbuilding expertise is being used to promote the development of shipbuilding in Mexico. A. & P. Appleford International, the British shipyard consultancy company, has been appointed lead consultant for the development of a major new shipyard at Veracruz, which is costing \$100m (nearly £45m) and will employ 3,200 workers.

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Danish decline

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Customs and Excise complains of gross understaffing

By Peter Hill

The Customs and Excise is finding it increasingly difficult to fulfil its functions, according to its 70th annual report, published yesterday under the chairmanship of Mr Douglas A. Lovelock. The report is unambiguous in emphasizing that "these difficulties will be increased by the Government's decision to reduce expenditure on the Civil Service, which has required a searching examination of all the department's tasks."

The report continues: "This may lead to a reduction in some less essential tasks and, in particular, it may not be practicable in future to meet all trade requests for new or enhanced facilities which would require additional staff."

The department is in no doubt that its 28,870 employees are grossly understaffed in its traditional areas of smuggling prevention and also in new ones, recently acquired, for example, its responsibility for the collection of VAT.

In the more traditional area of smuggling the high value of consumer items, particularly stereos, has encouraged a new spate of customs evasion. The report says: "We continue to detect a large number of attempts by private individuals to smuggle a wide variety of goods of which hi-fi equipment, jewellery and furs remain predominant items."

Although the report refers to the period between March 78-79, before the erratic behaviour of gold's attraction as a traditional item for the smuggler has not diminished. According to the report there were frequent occurrences of cases involving the smuggling of gold ingots, computer parts, antiques, musical instruments, tobacco products and spirits.

Although the new technology products are novel smuggling items the imagination of the smuggler has been tested in virtually every area of consumer products. The report lists 230 two-way radio transmitters, 352 flick knives, counterfeit coins, and a number of live animals and birds among seizures of other prohibited goods.

The tax raised by the Customs and Excise from alcohol, betting and tobacco still continues to be the major source of income for the Government, bringing in more than £5,000m in the year 78-79, almost 40 per cent of the total revenue from indirect taxation. Another principal source of revenue was VAT. The report says that under the new regulations for VAT—where the ceiling on turnover was raised from £5,000 to £10,000—14,000 traders were deregistered.

VAT arrears totalled £3,350,991, resulting in 107 prosecutions and 103 convictions. Over the year the prosecutions against traders for failing to make VAT returns increased by 15 per cent to 5,415 cases, of which only 12 were not convicted.

Despite the evasions the total Customs and Excise revenue increased by 12.1 per cent over the previous year to a total of £13,780.2m, an administrative cost of £219.6m or 1.59p for every £1 of net revenue.



Mr Douglas A. Lovelock: Customs grossly understaffed.

CBI chief criticizes 'buy British' campaigns

By Peter Hill

Defensive marketing campaigns, similar to British Leyland's recently launched "Buy British" drive came under fire yesterday from Sir John Greenborough, president of the Confederation of British Industry.

"A lot of people are moving towards buy British campaigns. I would say to them a strong 'no' instead I would like to see British industry launching a campaign directed towards making and selling British."

Sir John, who was speaking at a luncheon organized by the Anglo-German Chamber of Industry and Commerce in London, said there was nothing fundamentally wrong with British business, but he stressed that a fundamental change in attitude was required from the boardroom to the shop floor.

He appealed for an end to reference to the two sides of industry and its replacement by a committed team. Government policies had provided industry with greater freedom where motivation and incentives had become the bywords and industry had to show that anything wrong was capable of change.

However, change would not be a painless experience—as the current strike at the British Steel Corporation illustrated. Referring to the latest trends to emerge from the CBI's monitoring of pay settlements, he said the average of 13.17 per cent settlements was far too high without adding to production, although the range of settlements covered those between 5.1 per cent and over 20 per cent.

"There is no mileage to be made out of this terrible steel strike, it is costing the ESC £10m a week. The steelworkers are making a noose for themselves by throwing away this year's pay rises in return for next year's job losses and the longer it continues the more jobs will be lost elsewhere," he said.

Adela Investment doubts reflected on Eurobond market

From Darryl Delamalde

Hamburg, Jan 31
The Deutsche mark Eurobond market reacted today to the announcement from Adela Investment Company of a financial reorganization which will include the cooperation of the creditors.

Adela, which promotes industrial developments in Latin America, has a DM70m Eurobond outstanding with three years to run. A German business newspaper suggested that a default by Adela on the bond could cast a cloud of doubt on Latin American borrowers and the Eurobond market in general.

Dresdner Bank quickly issued a statement today that it had received assurances from Adela that the public bond issues (Adela has a floating rate dollar issue outstanding as well as the Deutsche mark issue) would be unaffected by the reorganization. Payment of interest and principal were to follow schedule.

Bank dealers reported the market generally softer on the report and Adela dropped a point to 97.25 (coupon 8 per cent). Most dealers played down the possibility of a more serious reaction but the case points up investor jitters due to oil price rises and political tension.

Dealers generally find it illogical that the Adela troubles should reflect on other South American issues but it remains to be proved that Adela's loan problems lie in bad management and do not indicate a wider-ranging payments problem.

It has been clear for some time that Adela was in difficulties.

Universities' research role must not be endangered

From the General Secretary of the Association of University Teachers

Sir, Professor Alexander's letter on university engineering education (January 23) commented on the AUT's reported reaction to the Finniston Report. I am afraid that the necessarily compressed report in your news columns could have given rise to a misunderstanding of the AUT's attitude.

We start with the fundamental proposition that although educating people for the professions is one of the historic roles of universities, the less importance should be given to the universities' research role, in that they represent almost the only basic research institutions in the United Kingdom across all disciplines.

On the professional training side there is nothing very much in the Finniston Report that gives rise to a great deal of difficulty for the universities in that syllabi, facilities, length of courses are matters which are the subject of constant change and are areas where given the financial resources universities are always willing to respond to the needs of industry and the community.

We rejected the explicit or implied criticism of the Finniston Report of the universities since, as far as I am aware, if the engineering professions, industry and the Government in its manpower planning had, over the years, said exactly what was wanted we would not have been backward in providing it given that the necessary funding was available.

Arising from Finniston, the

main difficulty as we see it is that on the one hand the teaching of maths, physics and engineering science is depressed both quantitatively and qualitatively in the schools, for a variety of reasons, causing an insufficiency of engineering students of the right calibre, and this is linked with industries' failure to provide the right remuneration and status to professional engineers. (What could be more apposite than the fact that in the week that the Finniston Report was published, the Civil Service Professional Engineers received a pay award from arbitration that depressed their position even more dramatically, in salary terms, than hitherto in comparison with the Administrative Civil Service?)

The whole thrust of the Finniston Report, quite rightly, from its point of view, was the supply of the right kind of engineers, of the appropriate calibre, industry and the economy.

We, in the universities, while giving due credit to this aim cannot afford this to take place at the expense of the basic fundamental research role and what our fears is that with inadequate extra funding (and one cannot see the Government providing much more money in present circumstances) there will be a corresponding diminution of resources available to the no less important disciplines.

Further, extra burdens will be placed on our engineering people to fulfil the Finniston vocational educational demands of their industry and the fundamental research that

must continue to take place if this country is to continue to lead the world in engineering science and technology.

May I finally make one short point? One cannot help but be a little doubtful about the intentions of government in respect of Finniston. Twelve years ago the Swann report covered a lot of the same ground as Finniston and nothing has happened since. This seems to be the fate of so many reports of the recent past.

Yours sincerely,
LAURIE SAPPER,
General Secretary,
Association of University Teachers,
1 Pembroke Road,
London W11 3HJ.

From Dr C. C. Butler

Sir, Although I cannot speak for every one of my engineering colleagues who do not appear to be less than properly proud of their profession in spite of Professor Kurt's assertion to the contrary (January 31). He is also, I fear, misinformed about the institutions which have not dropped technology from their title.

Cranfield Institute of Technology is not alone. Fifty miles further up the M1 Professor Kurt will find Loughborough University of Technology, an institution over which I am honoured to preside. A former college of advanced technology which retains its full title and fully intends to go on doing so. Yours faithfully,
CLIFFORD BUTLER,
Loughborough University of Technology.

Training of accountants

From the President, the Association of Certified Accountants

Sir, I naturally welcome the views expressed by the 100 Group in their report "Training and Development of Finance Managers for Industry and Commerce" (January 30).

Their belief that would-be accountants should be able, and indeed encouraged, to acquire their professional training and experience other than as articled clerks with firms in public practice is the one which 75 years ago prompted the setting up of the Association of Certified Accountants. Today, we account for 40 per cent of those registering as students of any of the six chartered accountancy bodies each year and 25 per cent of the annual growth in new members of the profession.

In common with the other five bodies the majority of our members are in industry, commerce or the public sector—not in public practice. The three chartered bodies which do not require their students to serve under articles already operate the type of approved schemes for training practising accountants which is now recommended by the 100 Group. In

we believe that such a move would be very much in the public interest as well as that of the present and future members of the accountancy profession. We are quite sure that it would better serve those who employ the greater part of our respective memberships. Yours faithfully,
AMORY PAKENHAM-WALSH,
President,
The Association of Certified Accountants,
29 Lincoln's Inn Fields,
London WC2A 3EE,
January 31.

Civil servants' pensions

From Mr C. L. Fox

Sir, Mr Michael Meacher, being a disabled, living on invested savings have been not only without any protection against inflation save the small state pension, but in addition taxed at a far higher rate than the young and fit, whose wages, though kept pace with the fall in money values. This injustice has at long last been recognized, but the 15 per cent surcharge on investment incomes still remains for those whose income is more than that of the average semi-skilled worker.

It is high time that the surcharge was abolished for those over the age of 50 (thus encouraging more people to retire and more jobs to be made available) and the umbrella of index-linking provided for all those who, like the civil servants, are prepared to pay for it.

Yours sincerely,
C. L. FOX,
Heathrow,
The Ridges,
Fincham Road,
Berkshire RG11 3SU,
January 26.

Tired of British Rail's excuses

From Miss Deirdre Dashwood-Quick

Sir, I happened to notice in *The Times* (January 29) an article about British Rail aiming to cut back their manpower by 30,000 by 1983. As it is, at the moment, their service is far from reliable due to the shortage of staff. I wonder what it will be like in 1983? How can they justify these cuts when nearly every day there are train delays, shortages of carriages, due to the reason stated above?

You have already increased their tickets by 20 per cent. Why should the public have to pay such high prices to get to work, invariably arriving late, travelling on dirty trains and feeling rather harassed after enduring the fiasco of travelling by British Rail from home to work?

It is about time they pulled their socks up, because people like me are becoming a little tired of the petty excuses they give morning and evening to cover up for poor effort they put into this service.

Yours faithfully,
DEIRDRE DASHWOOD-QUICK,
20 Cranborne Gardens,
Junction Road,
Essex RM14 2YT,
January 29.

PO's 'somebody Barlow'

From Mr T. V. Harts

Sir, On Saturday I had occasion to write to the chairman of the Post Office, so I dialled 100 and asked the operator for the name of the chairman.

Her prompt reply was "Tom Jackson".

Having told her, most respectfully, that Mr Jackson was the operator offered to pass me on to somebody else who might know. The same question from me brought the same reply from operator number two.

However, she offered to find

Brontosaurus and the motor car

From Mr Arthur Minton

Sir, A car manufacturer occasionally takes a whole page in *The Times* to advertise its product and states that "Arguably the worst-designed creature of all time, the Brontosaurus, literally ate itself out of existence."

The advertiser also claims that it could not venture out of the water on to dry land without collapsing under its own weight. Neither can the whale.

I write as a layman, but I understand that the Diplodocus, Brachiosaurus and Brontosaurus were vegetarian, amphibious dinosaurs: evolving about 200 million years ago. They relied on earth for about 135 million years to disappear suddenly, due, some think, to an adverse change in climatic conditions.

Man, it appears, has evolved over the last two million years and judging from his behaviour may not survive much longer. He has done much of the wrong type of energy—nuclear. On the apparent facts the "worst designed creature of all times" survived perhaps fifty to seventy times longer than his mankind so far.

Cars have evolved within the last 100 years; how many individual cars last as long as 10 years? What creatures have done as much harm to the ecology as man and his cars?

I agree that "Evolution has a taste of correcting wacky design," but I do not agree with the advertiser's "Audacious" assertions.

Yours faithfully,
ARTHUR MINTON,
118 Wenslade Road,
Kew, Surrey,
January 25.

Telephone systems

From Mr A. Cowie

Dear Sir, I was interested to read Kenneth Owen's article on telephones to ring the changes (January 23), but will you allow me to correct one major omission?

My company has been marketing a computerized PABX telephone system, the Philips EX 8000, in the United Kingdom for the past two years. This has become the third system of its type to receive Post Office approval.

Pye Business Communications has already installed well over 8,000 lines of EXB system and has orders for many more including a 6,000-line network in the largest of its kind in Britain.

Yours faithfully,
A. COWIE,
Director and general manager,
Pye Business Communications,
Cromwell Road,
Cambridge, CB1 3HE.

'Milk round'

From Mr Martin Higham

Sir, The term "milk round" which Mr R. F. Marshall objects (January 25) does not refer to the milk delivery roundsman, but to the dairy tanker driver who goes from farm to farm to collect the milk. In the same way employers travel from university to university hoping to collect the cream in what, I quote one academic, is rapidly becoming a mess yoghurt—that is, cream professionally soured.

I believe Mr Marshall has been on the milk round for over 30 years. This must make him the doyen of recruiters or can anyone better? Yours faithfully,
MARTIN HIGHAM,
Cambridge.

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FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Light selling gives way to firmer tone after hours

All major sections of the Stock Market ran for cover yesterday as buyers retreated, uncertain in which direction the next move lay.

Jobbers seemed quite content to mark prices lower just in case the gloomy rumours flying around suddenly meant a surge in selling. But in the event selling proved light and by the close prices in both equities and gilts were off the bottom.

Dealing had resumed on a fairly firm note, despite the speech on interest rates by The Chancellor which some had interpreted as being gloomy, and some solid buying had been encountered. This had been on the back of some unconfirmed rumours that the Russians were making plans to pull out of Afghanistan.

As a result, equities and gilts fell back on a broad front accompanied by gold shares and oils as the bullion price tumbled \$40 to \$550 an ounce.

At the longer end of the market in gilts falls of around 1/2 were not uncommon while the lower end of the day. Shorts experienced some good two-way business and by the close were showing falls of between 1/2 and 1/4.

The tone in equities after hours was slightly firmer, al-

though most still showed losses on the day. This was borne out by the FT index which after opening 3.9 up at 10 am went on to fall 5.4 at 3 pm before closing 4.3 off at 453.3.

Rumours of a drug-price war had an unsettling effect on leading industries which moved easier before making some attempt to rally by the close. Reports that Roche was about to cut its prices prompted a 7p fall in Beecham at 12.45 while in turn left Glaxo 10p lower at 478p. Falls of 2p were noted among ICI at 383p, Unilever at 462p, Glaxo at 384p and Reed International at 197p.

Down Under some say that CRA and Western Mining are eyeing North Broken Hill. The shares were firm at 169p yesterday. North Broken Hill's interests include 16 per cent of Alcoa. Aluminium is booming.

The placing of 25m shares of Allied Breweries at 71p by brokers Cazenove was another contributing factor to the markets decline and in particular to the drinks sector as a whole. The reason for the placing was to raise £21m for the Scottish interests of Vaux Brewery, suspended temporarily at 9.30 am, which leapt 15p to 152p. The markets re-

action to being swamped with so much paper resulted in the shares falling 2 1/2 to 74p. This in turn directed attention to Davenport Brewery, a speculative stock of late, 3p up at 153p. But it had an adverse effect elsewhere with Bass Charrington 6p down at 200p.

Among companies reporting, Louis Newmark climbed 17p to 250p after sharply higher interim figures, while a confident chairman's statement lifted BHI & Smith 5p to 51p. Recent comment on the trading statement from Allied

Textile provided a 7p fillip at 96p and continued interest among the two fine art dealers left Sotheby Parke Bernet 15p higher at 485p and Christie International 4p stronger at 176p. Interest also continued in Caffyns following the increased shareholding by BCA—1p easier at 64p—and the shares improved a further 5p to 177p. News of the sale of its German seat belt interests boosted Ribbons 6p to 30p while speculative demand in a thin market saw Steel Bros rise by 11p to 154p. But profit taking

chipped 15p to 120p in Channel Tunnel.

Foods continued to be a dull spot on continued fears of an imminent price war with Associated Dairies falling 4p to 168p while other to hit lower levels included J. Sainsbury 7p to 285p, Kwik Save 3p to 104p and Tesco 1p to 64p. Even Tate & Lyle failed to escape sliding 6p to 168p following its AGM.

Electricals manage to recover some earlier losses as a result of profit taking, with most reporting net gains on the day.

Decals rallied 10p in the ordinary to 390p and 2p in the "A" at 334p, while its stable mate Rascal improved 2p to 239p as did GEC at 356p. Ferranti, however, encountered profit taking, after Wednesday's sharp rise, dipping 5p to 467p but among second liners Electracomponents rose 3p to 491p and Unitech advanced 8p to 250p.

Some operators are selling North Sea holes in the sea stocks as hard as possible. Gold and the spot price of oil are softening together, there are huge profits to be taken, and only some holes will be found to have oil at the bottom.

Plantations remained a firm feature with London Sumatra putting on 10p to 435p as McLeod Russell 21p higher at 340p, announced that it had sold off some of its interest. Elsewhere, lower profits clipped 2p from Warren Plantations at 151p while rationalisation hopes sent 15p to 80p and Lendu Rubber rose 10p to 91p.

Equity turnover on January 30, was £139.17m (18,252 bargains). Active stocks yesterday, according to the Exchange Telegraph were: Beecham, Shell, Con. Gold, ICI, Frisla, Con, R.T.Z., Rascal, J.C. Gas, B.A.T., GEC, Glaxo, Loddon and Westland Aircraft.

Blundell-Permoglaze climbs 23pc to £2.2m

By Our Financial Staff

Blundell-Permoglaze Holdings makes paint for the trade. It has carefully steered clear of the temptation to make own-brand products and from the once-glamorous do-it-yourself sector.

Seventy per cent of its business is based in decorative paints and sales of these to wholesalers, big contractors and local authorities helped lift profits for the year to the end of October last 23 per cent to £2.2m on a turnover increased from £18.9m to £20.7m.

Market share in decorative paints has been increased by around 0.5 per cent to 10 per cent and making Blundell-Permoglaze equal third largest group in the sector.

Gross total dividend is raised from 5.14p to 6.85p. The 1978 total includes a payment of 0.542p and means the dividend has been raised by a third this year after being lifted by 25 per cent the previous year.

Chairman Mr Newland Bassett Smith said the first-half figures were affected by the transport strike but were still 14 per cent ahead and there was a considerable improvement in the second half. The national steel strike was



Mr N. G. Bassett Smith, chairman of Blundell-Permoglaze Holdings.

still posing a threat, but the group says tin container stocks and the position of suppliers—Blundell gets two-thirds of its tin from Metal Box—suggest no real difficulties until perhaps the end of March.

Last year raw material prices, titanium dioxide is used in 25 per cent of the group's products, rose 25 per cent.

"We are still the cheapest at the factory gate and there is a margin for increasing prices if raw materials go on rising," he said.

Business appointments

Westward TV chief on Aston Martin board

Mr Peter Cadbury, executive chairman of Westward Television, has joined the board of Aston Martin.

Mr L. Tyrer has been appointed London Actuary of Scottish Equitable Life Assurance Society. He succeeds Mr Stewart Ritchie who is returning to Edinburgh to administer the group's pensions contracts.

Mr Ken Appleton has been appointed to the new post of director of personnel relations for Pilkington.

Mr J. W. D. Ewart has been made chairman and Mr J. M. Light managing director of English Card Clothing after the resignation of Mr S. Rothery from both positions.

Mr T. Heller and Mr T. Thompson have been appointed to the board of Namco Corporation.

Mr John Cruickshank, non-executive director of H. Brammer & Co., has been made chairman of Brammer Transmissions.

Mr G. A. Freestone has been appointed to the new position of regional director at Midland Bank International, in charge of the bank's Asian and Pacific region.

Mr M. J. Wale has been appointed a director of Shell International.

Mr A. G. Cropper has been elected to the board of Lake & Elliot as finance director.

Mr Michael Aldrich has been appointed managing director of Rediffon Computers.

Miss G. H. Durbin has been appointed financial director of Penwith.

Mr M. Osborn, director of Harlow Meyer, has been elected chairman of the Foreign Exchange and Currency Deposit Brokers' Association; Mr J. E. Gunt, director of Astley & Pearce, deputy chairman; and Mr H. A. Woolworth, chairman of Woolworth, honorary secretary/treasurer.

Mr Peter Clayton has been appointed a partner of Kelly, Willmott & Sons.

Mr Eric Hamman has been appointed a director of Leopold Joseph & Sons.

Mr Michael Neale has been appointed associate director of Handy Associates International.

Mr T. O. O'Brien has been appointed a partner of F.L.P. Secretan.

Mr Phillip Sober has been appointed chairman of the European regional organization of Horwath & Horwath International.

Mr G. H. Ballard joins the board of the NFD Mutual and Assurance Group on the retirement of Lord Woolley.

Mr R. Gomez and Mr A. Stuart have been appointed to the board of Thomas Jourdan.

Mr R. H. Jones, director and chief general manager of Gresham Life Assurance Society, has joined the board of AMEV Life Assurance.

Mr Peter J. Keelhan is to join the board of Forward Trust (Ireland) to take over as chairman on the retirement of Mr Arthur Spence at the end of February. Mr Keelhan is at present a director of Guinness Ireland and of Alliance and Dublin Consumers Gas Company as well as deputy chairman of Carroll Industries.

Mr Donald Anderson has been appointed an assistant director of the British Man-made Fibres Federation, succeeding Mr Colin Stone who is joining the British Textile Employers Association.

Mr Robert K. Swanson has been appointed president and chief operating officer of the Greyhound Corporation.

Mr E. W. E. Andrews is to join the board of Granada TV Rental and will take over as managing director on October 1 from Mr B. Quiller.

Newspaper group figures soar ahead

By Our Financial Staff

A cover price increase and higher advertising rates helped Portsmouth and Sunderland newspapers to sail past last year's total profit in the first nine months of the current period.

Pretax profits in the 39 weeks to December 29, 1979, amounted to £3.1m, over a third more than the previous period's £1.2m while turnover rose from £10.8m to £14m.

As such, pretax margins have widened from 20 to 22 per cent. However, the figures mask an interest credit on the near £4m liquid assets, up almost £1m on the year end figure.

Although the group has no immediate plans for spending the money it is increasing the retailing side of the business. Costs during the period were contained on the newspaper side thanks to the strength of sterling against the dollar.

Profits were also helped by an increase in the cover price of the newspaper last February and a 17 per cent rise in advertising rates in October.

Circulation has also picked up slightly, though it is not running at its previous peak levels.

The group is not yet benefiting from the introduction of new technology which was installed in 1978. However, finance director Mr E. McKisack reports that some progress towards introducing this form of printing is being made.

The shares at 80p are yielding an historic 7.5 per cent.

Westinghouse power group profits despite law suits

Westinghouse of Pittsburgh, Pennsylvania, manufacturer of equipment and components related to the control of electricity, has now accounted for the estimated cost of securing 14 of 17 law suits brought by Electric Utilities in 1975 and also has provision to cover the remaining cases and related uranium litigation, according to the chairman, Mr Robert Kirby.

The company says it had a profit in 1978, before extraordinary uranium-related losses, of \$331.1m (about £143m) or \$3.85 a share.

It said the after-tax extraordinary uranium losses amounted to \$405m including the estimated cost of settling in 1979 eight previously announced uranium supply law suits, in addition to the special \$118.1m provision.

The 1979 results also were adversely affected by a seven-week strike which closed many company plants last summer.

In 1978, Westinghouse earned \$113.3m, before extraordinary uranium-related losses. Net income amounted to \$243.4m.

In the fourth quarter of 1979, the company said it benefited from higher interest income and a lower tax rate. This compared with the 1978 fourth quarter net of \$88.2m.

The company said the three operating companies which comprise Westinghouse had higher sales in 1979 compared with the previous year. In addition to a lower tax rate, 1979 results were helped by higher income from marketable securities.

Hachette confident

Librairie Hachette, France's largest book and periodical publisher and distributor, expects to show improved earnings and pay a higher dividend for 1979, with a further improvement this year both in its French and international activities.

The strategy of the past three to four years, which involved a profound restructuring of the group including the divestment of a number of unprofitable activities in the periodical, printing and audio-visual sectors plus tighter financial control, are beginning to pay off.

Results for 1979 will be better than those of 1978, which should logically lead to a higher dividend payout... and we expect a further improvement this year despite prevailing uncertainties in the (French publishing) trade as a whole", according to director-general, M. Gerard Worms.

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International

The company posted net earnings of Fr 150.3m in 1978, including Fr 97.2m of non-recurring capital gains, on sales of Fr 5.8bn. It paid a net dividend of Fr 8 p per share, up from Fr 6 a year earlier.

M. Worms cautioned, however, that after last year's stagnation in the French book sector where Hachette fared somewhat better than its competitors, 1980 will not be a "prosperous" year.

Alaska pipeline

The proposed Alaska highway natural gas pipeline will prob-

ably not begin deliveries to the rest of America until the autumn of 1985, a year later than planned by the Northwest Alaskan Pipeline Company, according to Federal Inspector Mr Jack Rhen.

He also said the state's money is no longer considered necessary to ensure construction of the \$23bn project.

BMW optimistic

Bayrische Motorenwerke AG (BMW) the West German car maker, will be reporting good 1979 earnings, but will consider 1980 outstanding if the company can match 1979 sales and production, BMW according to chairman, Herr Eberhard von Kuenheim.

Herr von Kuenheim said that BMW had worldwide sales of DM7.387bn in 1979, up 12.7 per cent from DM6.557bn in 1978. BMW AG, the parent company, raised sales by 10.1 per cent to DM6.56bn.

Domestic sales totalled DM3.409bn up 9.3 per cent from DM3.119bn in 1978. Export sales rose 11 per cent to DM3.978bn.

DM3.151bn up from DM2.839bn in 1978. The company said that it produced 336,981 motor vehicles in 1979, a 5 per cent increase from 320,853 in 1978. Deliveries totalled 335,132 cars, up by 4.3 per cent from 321,196 cars delivered in 1978.

Hudson Bay hearing

Hudson Bay Mining and Smelting company of Canada, whose H.B. Holdings is making a tender for Rosario Resources Corporation, says that the court hearing on its claim of a conflict between New York law and the Securities and Exchange Commission tender offer rules has been completed.

The company said it agreed to notify everybody who tendered shares to it that they have withdrawal rights until February 5 and that in the view of the SEC no payment for such shares can be made during this withdrawal period.

Hudson Bay also said it expects to deliver additional material requested by the FTC on the bid shortly.

Gallaher passes £60m pretax

For the second year running, Gallaher, the British tobacco giant which is owned by American Brands of the United States, has produced record results. In 1979, Gallaher's pretax profits rose by 24 per cent to £63.2m—the first time the £60m mark has been exceeded.

With the tax charge reduced by £14.1m to £17.6m (because of the write-off of stock appreciation relief), against 1978's £26.2m tax charge, net profits have jumped by 84 per cent to £45.6m. Ordinary dividends are only slightly higher at £24.6m (compared with £21.2m), which means that the year's retained profit has soared to £21.1m—more than six times 1978's £3.4m.

Total sales improved by 6.4 per cent to £1,621.3m. Of this, domestic tobacco sales were 6 per cent better at £1,098.9m, while overseas tobacco sales were 3.5 per cent greater at £1,762.2m. All the other divisions—engineering, optical and distribution—showed better sales and profits.

L Newmark over £1m at half-way

Louis Newmark, the electronic and precision engineer and watch distributor, reports pretax profits up by 13 per cent to £1.4m in the six months to September 29, 1979. Although the engineering dispute made its mark and reduced profitability in some of the group's divisions, the interim results are better than those for the same period in previous years, said Mr Geoffrey Newmark, chairman.

The interim dividend has been increased by 16 per cent to 5p gross.

New capital issues fall to £28m

Statistics compiled by Midland Bank show that the amount of "new money" raised in the United Kingdom in January was £28m, a sum broadly similar to the £32.3m and £32.7m raised in January 1978 and 1977 respectively—but only a quarter of the December total of £106m.

Issues by public bodies accounted for two-thirds of the month's total, in contrast to the generally low level of activity in 1979. Twenty local authorities

ties made 24 bond issues in amounts ranging from £250,000 to £2.5m.

Four issues by companies, amounting to £9.5m, were recorded in January. The largest came from Felixstowe Dock and Railway, part of the European Ferries Group, which raised £5.4m through an offer for sale of 9.5 per cent cumulative preference shares.

Although similar issues have often been made by water companies this was the first by an ordinary company.

The remaining three issues were all of ordinary shares, made by way of rights.

Drake & Scul's property sale

Court sanction for Drake and Scul's reduction of capital was given on January 28. Dealings in the ordinary shares in the new 1p nominal form are expected to start on February 4.

Drake, electrical, mechanical and construction engineers, also reports that it has sold its interest in Greyhound Centre, Ipswich, to a "major public company" for £900,000 cash. Its interest in the property, which was not used in the normal course of trading was valued at £200,000 last October.

Since then, a reversionary interest in the property has been bought by Drake and an estimated extraordinary profit of some £475,000, after expenses and tax, will arise in the current year from this.

W Ribbons sells German seat-belt side

"W" Ribbons Holdings, the Croydon-based manufacturers of synthetic webbings and cargo-handling equipment, has agreed to sell the seat-belt division of its 85 per cent owned German subsidiary, Halsall-Gurtie GmbH & Co KG, to Granges Weda AB of Sweden with effect from March 1 1980.

Consideration from the sale, which represents book value, will be DM4.7m (about £1.20m). Payment will be in deferred terms—on the plant and machinery, over 3 years and on the stock and work in progress, over one year, as from March 1 1980.

In addition, "W" Ribbons has agreed to lease the major

part of the Halsall-Gurtie factory, which is at Elmshorn, to Granges Weda AB for £100,000 (£100,000) per annum and has granted them the option to purchase the freehold of the land and buildings for DM5.2m (£1.3m) within two years from March 1 1980.

While selling this division which manufactures seat belts for the German car industry, "W" Ribbons will continue to produce its successful range of Lofit immediate bulk containers in a part of the Elmshorn factory.

Steel strike warning from Garford-Lilley

Garford-Lilley Industries' pretax profits rose by 24 per cent to £240,000 in the half-year to September 30 on the back of turnover 25 per cent up to £2.87m. With earnings per share up from 1.41p to 1.75p, the interim payment is being lifted from 0.26p to 0.35p gross. But this is to reduce the disparity between payments and does not imply an increased total for the year. The board reports that the interim figures are encouraging, but the engineering and steel workers' strikes must have an effect on the second half.

Garford's plastics and wood-working divisions did well, but progress may not be maintained in the second half.

Results rise by 30 pc at Bank Leumi (UK)

Last year, the net profits, after tax and transfer to inner reserves, of the Bank Leumi (UK), rose by almost 30 per cent to £340,000—the first time the £300,000 mark has been exceeded. As forecast at the time of the one-for-two rights issue last year, the final dividend is being lifted from 8.23p to 8.24p gross. This raises the total from 11.71p to 12.24p gross. The bank reports that its general progress throughout 1979 is reflected in the profits, but it points out that it only had the benefit of the increased capital from last September.

Total assets rose from £157.74m to £180.51m. Bank Leumi (UK) is a subsidiary of Bank Leumi Le-Israel BM.

Group Results (unaudited)

	Twelve Months to:	30.9.79	30.9.78	
		£ millions		Change
Turnover	6,672	6,678	—
Trading profit	445	438	+2%
Investment income	56	61	-8%
Operating profit	502	499	+1%
Interest paid	74	66	+12%
Profit before taxation	428	433	-1%
Taxation	184	189	-3%
Profit after taxation	244	244	—
Minority interest	24	25	-4%
Net profit attributable to B.A.T Industries Ltd.	220	219	—

Analyses by Industry

Turnover	3,975	4,474	-11%
Tobacco	1,559	1,412	+10%
Retail	661	497	+33%
Paper	176	153	+15%
Printing & Packaging	301	140	+115%
Other activities	6,672	6,678	—
Operating profit	316	350	-10%
Tobacco	34	24	+42%
Retail	81	49	+65%
Paper	14	12	+17%
Printing & Packaging	57	64	-11%
Other activities	502	499	+1%

Taxation comprises:

Net U.K. corporation tax	27	29
Overseas taxation	157	159
	184	188
Deferred taxation	—	1
	184	189
Total taxation as a proportion of profit before taxation	43.0%	43.6%

Change of Year End

As already announced the Group's year end has been changed to 31 December. This unaudited interim report therefore covers the twelve month period to 30 September 1979 and the next audited accounts will be for the fifteen month period to 31 December 1979.

Dividends

The Directors today decided to pay on 1 April 1980 a third interim dividend out of the profit for the twelve months to 30 September 1979 at the rate of 8.50p per share on the Ordinary Shares together with a special interim dividend at the rate of 5p per share out of the profit for the three months to 31 December 1979 payable on the Ordinary and the Deferred Ordinary Shares.

To maintain the rights of both the Ordinary and the Deferred Ordinary Shareholders the third interim dividend and the special dividend referred to above have been declared in lieu of a final dividend for the fifteen month period to 31 December 1979.

The Deferred Ordinary Shares will automatically be converted to Ordinary Shares on 30 June 1980, the date of the Annual General Meeting.

Transfers received in order by the Registrar of the Company up to 29 February 1980 will be in time to be passed for payment of the third and special interim dividends.

The three interim dividends in respect of the twelve months to 30 September 1979 represent an increase of 19.4% over the comparable dividends of the previous year as illustrated below:

Dividends per 25p Ordinary Share	1979	1978	Increase
1st interim dividend paid 2 April 1979	4.84p	4.40p	+10%
2nd interim dividend paid 1 October 1979	6.00p	5.00p	+20%
3rd interim dividend payable 1 April 1980	6.50p		
Final dividend 1978	—	5.13p	+27%
	<u>17.34p</u>	<u>14.53p</u>	+19%

FINANCIAL NEWS AND MARKET REPORTS

Tobacco group hit by exchange fluctuations

Exchange rate differences had a marked effect on profits and turnover during the year at British American Tobacco, the BAT Industries subsidiary.

Turnover declined from £3,748m to £3,453m and attributable profits from £140m to £106m in the 12 months to September 30, 1979. The currency fluctuations reduced turnover by £221m and pre-tax profits by £121m and net profit attributable to £41m by £12m.

Although cigarette sales continued to increase, profits declined slightly because of lower margins on United Kingdom exports, and the high cost of establishing a foothold in the United Kingdom domestic market. Sales and profits improved in Asia and Africa, and the German home improvement subsidiary also made a significant contribution.

Another BAT Industries subsidiary, Wiggins Teape, the papermaker, improved pre-tax profits by 27 per cent to £54.5m and turnover by 11.3 per cent to £514m during the same period. The printing and writing division was particularly successful despite strong competition from imports and losses at the Fort William pulp mill.

A strike at Idem Carbonless paper in South Wales hit profits severely but the group's continental interests showed substantial increases.



The Rank Hovis MacDougall AGM heard a forecast yesterday from Mr. Joseph Rank chairman (pictured on the left, talking to Mr. P. W. J. Reynolds, the managing director), that first-half profits would be considerably improved. The year has started well for this flour, foods and bakery group

The group's main wage settlements have been concluded and it has increased the price of bread and flour sufficiently to offset the increase in wheat costs and wages. In the year to December 31, pre-tax profits improved from £31.1m to £32.6m.

Diamond prices to be increased

By Michael Prest

The Central Selling Organisation, the marketing arm of De Beers, will increase the price of rough stones of one carat and more from the next eighth of sale on February 18. Revenue is expected to go up by about 12 per cent.

The move is a response to speculative and investment buying of the larger stones in recent months. While about 90 per cent of jewellery uses stones of under one carat, there has been noticeable upward pressure on the larger diamonds for the same reasons.

that gold and silver have soared. De Beers is always anxious to maintain its hold on the market. After a scare two years ago when intense speculation, largely from Israel, nearly sent the market out of control, the company has kept a wary eye on any signs of heavy buying beyond normal trading.

The last price increases took effect from the September 1979. The overall rise in revenue was 13 per cent. Officially, prices are never revealed, and are in fact a little

misleading because individual stones vary so much in size and quality. But the average 13 per cent figure conceals the fact that prices were not increased on the smaller stones, indicating that the larger ones may have gone up by as much as 25 per cent. Simple inflation has also prompted the latest increase. In 1979 De Beers's dollar profits rose by only 1.8 per cent to \$2,598m, against an annual rise of 46 per cent between 1976 and 1978. Expressed in rand, profits fell by 1.2 per cent last year.

annual meeting that the first quarter results are a "little short of target". There is every indication that the current year will be a "satisfactory one".

ASSOCIATED ENGINEERING Associated Engineering's chairman told the annual meeting that if the steel strike is resolved quickly and there are no other major disruptions, prospects for 1980 are "some improvement" in profits.

HOMER BROTHERS Year's turnover, £14.6m (1978, £13.1m). Pre-tax profit, £311,000 (1978, £332,000). Ordinary capital private held.

LONDON SUMATRA PLANTATIONS A subsidiary of McLeod Russel has disposed of 350,000 shares at 40p, reducing the McLeod Russel group's shareholding to 355,250 shares (2.23 per cent). Gross proceeds of £14.2m compared with a cost price of about £350,000. Harrison's and Croftland now has 7.5 million shares (45.9 per cent).

STANDARD FIREWORKS Standard Fireworks' board has considered request of Mr. Leonard Stanbury, chairman of L. Stanley Ltd., to be invited to join board, following acquisition by Stanley, together with Mr. Stanbury and associates of over 25 per cent of Standard. Standard's board has not acceded to Mr. Stanbury's request. Mr. Robin Napier appointed Standard chairman.

Briefly

GRINDLAY BRANDS Grindlay Brands, with Report Import Bank of United States, have arranged a US\$24.4m loan to Tunis Air, state-owned national airline. This is first syndicated Eurodollar loan for Tunis Air.

ASHLEY INDUSTRIAL TRUST Turnover for half-year to October 31, £2.6m (1978, £2.1m). Pre-tax profit, £343,000 (1978, £254,000). Interim dividend, 2.14p gross, against 1.49p.

TEXTURED JERSEY Turnover for half-year to October 31, £4.5m (1978, £4.2m). Pre-tax profit, £440,000 (1978, £340,000). Interim dividend, 2.14p gross, against 1.49p.

THOMAS BORTHWICK Dr. Bill Bullen, Thomas Borthwick and Sons' chairman, told the

annual meeting that the first quarter results are a "little short of target". There is every indication that the current year will be a "satisfactory one".

English Property Corporation reports further progress over last

FFI calls a halt to Eurosterling issues

Finance for Industry has effectively declared a closed season on fresh Eurosterling bond issues until it has completed the setting up of an offshore financing vehicle in Holland.

The establishment of an offshore subsidiary follows the United Kingdom Inland Revenue's decision earlier this month requiring British companies making new Eurobond issues from within the United Kingdom to pay interest after tax.

FFI was considering a direct Eurosterling issue in the region of £20m this month, but delay in setting up the offshore vehicle, probably to be registered in Rotterdam, means that the issue has been shelved, the board said.

Mr. Donald Clarke, the group's assistant general manager in charge of finance, said: "We cannot now make an issue until we have the Dutch company set up." The Inland Revenue's decision means direct United Kingdom sterling bond issues will no longer prove attractive to investors, but "none of the problems or cost involved in setting up the Dutch company are such to put us off this sector of the market", Mr. Clarke said.

The group was considering an issue at the beginning of the month since the market seemed to pick up.

Borrowings rise at Lonsdale

By Our Financial Staff

An increase in borrowings, and subsequent rise in interest charges, has left printing to office equipment group Lonsdale Universal with a profit shortfall at the year end.

At the trading level, profits rose by a cent to £2.4m but pre-tax profits fell from £2.6m to £2.4m on a turnover of £6.5m higher at £39.5m.

However, the chairman Mr. Norman Ramsay admits that the level of borrowings was the main worry during the year. In the 12-month period they rose from a net £1m to almost £5m, increasing starting to some 60 per cent of shareholders' funds.

The decision to withdraw from the retailing side results from the low profit margins it receives on the cash invested.

Elsewhere the office equipment, stationery and supplies division, the largest in the group, increased its contribution marginally to £1.4m. Profit margins here amount to 8.5 per cent.

The book-selling division, turnover £600,000 higher at £12.3m.

However, the management accounts for the whole of 1979 indicate that profits will be similar to last year's £5.8m despite the strength of the pound which has reduced results in sterling terms. The figures include a first-time contribution from specialist paint group Joseph

At present Lonsdale is involved in negotiations to sell its six retailing outlets and expects to raise around £1m from the freeholds and leaseholds. This money will be used initially to reduce borrowings back to the £4m level.

The decision to withdraw from the retailing side results from the low profit margins it receives on the cash invested.

Elsewhere the office equipment, stationery and supplies division, the largest in the group, increased its contribution marginally to £1.4m. Profit margins here amount to 8.5 per cent.

The book-selling division, turnover £600,000 higher at £12.3m.

However, the management accounts for the whole of 1979 indicate that profits will be similar to last year's £5.8m despite the strength of the pound which has reduced results in sterling terms. The figures include a first-time contribution from specialist paint group Joseph

At present Lonsdale is involved in negotiations to sell its six retailing outlets and expects to raise around £1m from the freeholds and leaseholds. This money will be used initially to reduce borrowings back to the £4m level.

The decision to withdraw from the retailing side results from the low profit margins it receives on the cash invested.

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helped by a first-time contribution from the Australian side, only just bettered last year's profits with a £27,600 total. The Australian side contributed around 60 per cent of the profit and the chairman is expected to announce a further expansion in that country in the annual report and accounts.

A final dividend of 5p gross gives shareholders a total for the year of 7.4p, a rise of a fifth on the previous amount. The shares, which dipped 2p to 38p yesterday, traded at almost 5 times fully taxed earnings and yielded 12.7 per cent.

Mason bought in October 1978 for £3.3m cash. Part of this money came from a £1m medium-term loan from FCI on a 13.5 per cent fixed rate and this is the bulk of the group's borrowings. The shares, which dipped 2p to 38p yesterday, traded at almost 5 times fully taxed earnings and yielded 12.7 per cent.

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Drought delays tea profits

The drought in India earlier this year, which held back the tea crop, has hit interim profits at Warren Plantations.

Because the group does not include the profit until the crop is harvested, the surplus will come in the second half instead of the first. As such, pre-tax profits for the six months ending June 30, fell from a previous £1.7m to £700,000 on

turnover £600,000 higher at £12.3m.

However, the management accounts for the whole of 1979 indicate that profits will be similar to last year's £5.8m despite the strength of the pound which has reduced results in sterling terms. The figures include a first-time contribution from specialist paint group Joseph

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Reardon Smith expects second-half improvement

Despite a sharp downturn at the half-way stage, Cardiff-based shipping group Reardon Smith Line is looking forward to going back into the black in the second half although it is unlikely to be out of the red for the full year.

Trading profits fell from £1m to £595,000 while turnover rose slightly from £10.3m to £11.2m in the six months to September 30, 1979. But the group pointed out that the 1978 interim results included the sale of a 53 per cent share in an oil rig which otherwise would have produced £313,000 trading profit.

The share price, which fell 1p before the announcement, went back to 69p during the day.

The board said that since the loan repayments on the rig were higher than the depreciation rate and interest rates have increased since 1978, cash

flow has improved as a result of the sale.

Some of the reasons for the group's difficulties in the first half were due to its inability to take full advantage of increased freight levels because of forward commitments. The increase in bunker costs, port charges, storing and general running costs all took their toll. Exchange losses were £120,000 compared with a £120,000 gain.

But Mr. Charles Chatterton, the chairman, said that the second half would show considerable improvement, providing there was no material change in the board's assumptions, and should show a profit after depreciation.

Reardon has further deferred its loan capital repayments until the end of 1980. Borrowings currently stand at £16m. There is again no interim dividend as a result of loan terms.

Foreign exchange report

An unconfirmed report that Russia has plans to withdraw from Afghanistan at an appropriate time gave the dollar a boost yesterday, though conditions generally were thin. Some short positions were closed, and adverse factors like

America's big trade gap made no impact on sentiment. The pound also strengthened, reaching 2.700 against the dollar

before closing half a cent up at 2.657, while its currency basket level improved to 71.8 from 71.7. The Swiss franc dipped to 1.6323 (1.6195), and other European currencies weakened in dollar terms were the D mark, 3.443 (3.435) and French franc 4.0787 (4.0630). The yen moved narrowly to and a touch better at 239.22 compared with its previous dollar close of 239.40.

Sterling Spot and Forward

	1 month	3 months	6 months	12 months
London	2.7000	2.7000	2.7000	2.7000
Edinburgh	2.7000	2.7000	2.7000	2.7000
Glasgow	2.7000	2.7000	2.7000	2.7000
Manchester	2.7000	2.7000	2.7000	2.7000
New York	2.7000	2.7000	2.7000	2.7000
Frankfurt	2.7000	2.7000	2.7000	2.7000
Paris	2.7000	2.7000	2.7000	2.7000
Brussels	2.7000	2.7000	2.7000	2.7000
Amsterdam	2.7000	2.7000	2.7000	2.7000
Stockholm	2.7000	2.7000	2.7000	2.7000
Copenhagen	2.7000	2.7000	2.7000	2.7000
Helsinki	2.7000	2.7000	2.7000	2.7000
Oslo	2.7000	2.7000	2.7000	2.7000
Stockholm	2.7000	2.7000	2.7000	2.7000
Copenhagen	2.7000	2.7000	2.7000	2.7000
Helsinki	2.7000	2.7000	2.7000	2.7000
Oslo	2.7000	2.7000	2.7000	2.7000

24-hour exchange rate compared to December 31 1979 except 1 and 2 1/2

Source: Reuters

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Dollar Spot Rates

	1 month	3 months	6 months	12 months
London	2.7000	2.7000	2.7000	2.7000
Edinburgh	2.7000	2.7000	2.7000	2.7000
Glasgow	2.7000	2.7000	2.7000	2.7000
Manchester	2.7000	2.7000	2.7000	2.7000
New York	2.7000	2.7000	2.7000	2.7000
Frankfurt	2.7000	2.7000	2.7000	2.7000
Paris	2.7000	2.7000	2.7000	2.7000
Brussels	2.7000	2.7000	2.7000	2.7000
Amsterdam	2.7000	2.7000	2.7000	2.7000
Stockholm	2.7000	2.7000	2.7000	2.7000
Copenhagen	2.7000	2.7000	2.7000	2

Discount market

The shortage of funds was not quite so great yesterday, but money remained expensive. The Bank of England was able to leave the lending element out of its package of help to the discount market. Giving assistance on a large scale, the Bank bought a moderate quantity of Treasury bills from banks and houses, a small number of local authority bills from the houses, and a small amount of eligible bank bills that will be resold to the houses at a future date.

Rates for fresh secured money opened at 17 per cent and held that level for much of the session, with little progress made. In the afternoon, however, the situation eased a little and houses were able to pick up some balances at rates down to 16½ per cent. The close came within a band of 16½-1 per cent.

The adverse factors comprised the repayment of moderate loans to the Bank, the unwinding of a small purchase and resale agreement, the payment of a small authority bill, small payment of end-month oil money, and a small net treasury bill take-up.

[illegible]

1970 99	80 Low	Company	Price	Ch'ge	Gross Dmptl	Yld %	P.E.
99	73	Airsprung Group	73	-	6.7	9.2	44.5
50	38	Armstrong Rhodes	38	-	6.3	10.0	22.5
228	185	Bardon Hill	238	-	13.8	6.1	76.7
00	85	City Cars PREF	87	-	15.3	17.6	-
53	63	Deborah Ord	89	-1	5.0	5.6	9.8
144	88	Deborah 17 1/2 CULS	350	-	17.5	5.0	-
94	88	Frank Borsell	94	-	7.9	8.4	5.8
29	100	Frederick Parker	108	-	12.8	11.9	78.4
56	105	George Blair	106	-	16.5	15.6	-
65	45	Jackson Group	60	-	5.2	8.7	5.5
00	242	James Burrough	115	-	7.2	6.3	10.1
90	242	Robert Jenkins	250	-	13.3	12.5	80.0
32	175	Torday Limited	223	-	14.3	6.4	54.2
34	168	Twynock Ord	271	-	0.8	3.8	*4.8
80	70	Twynock 12 1/2 ULS	76	-	12.0	15.8	-
56	23	Unilock Holdings	55	-	2.6	4.7	11.7
84	42	Walter Alexander	82	-	4.4	5.3	5.4
90	136	W. S. Yeates	186	+1	11.5	6.2	7.2

DILLON, READ & CO.
Principal Faring Agent

[illegible]

ACCOUNT DAYS: Dealings Begin, Jan 28. Dealings End, Feb 8. \S Contango Day, Feb 11. Settlement Day, Feb 12.

[illegible]



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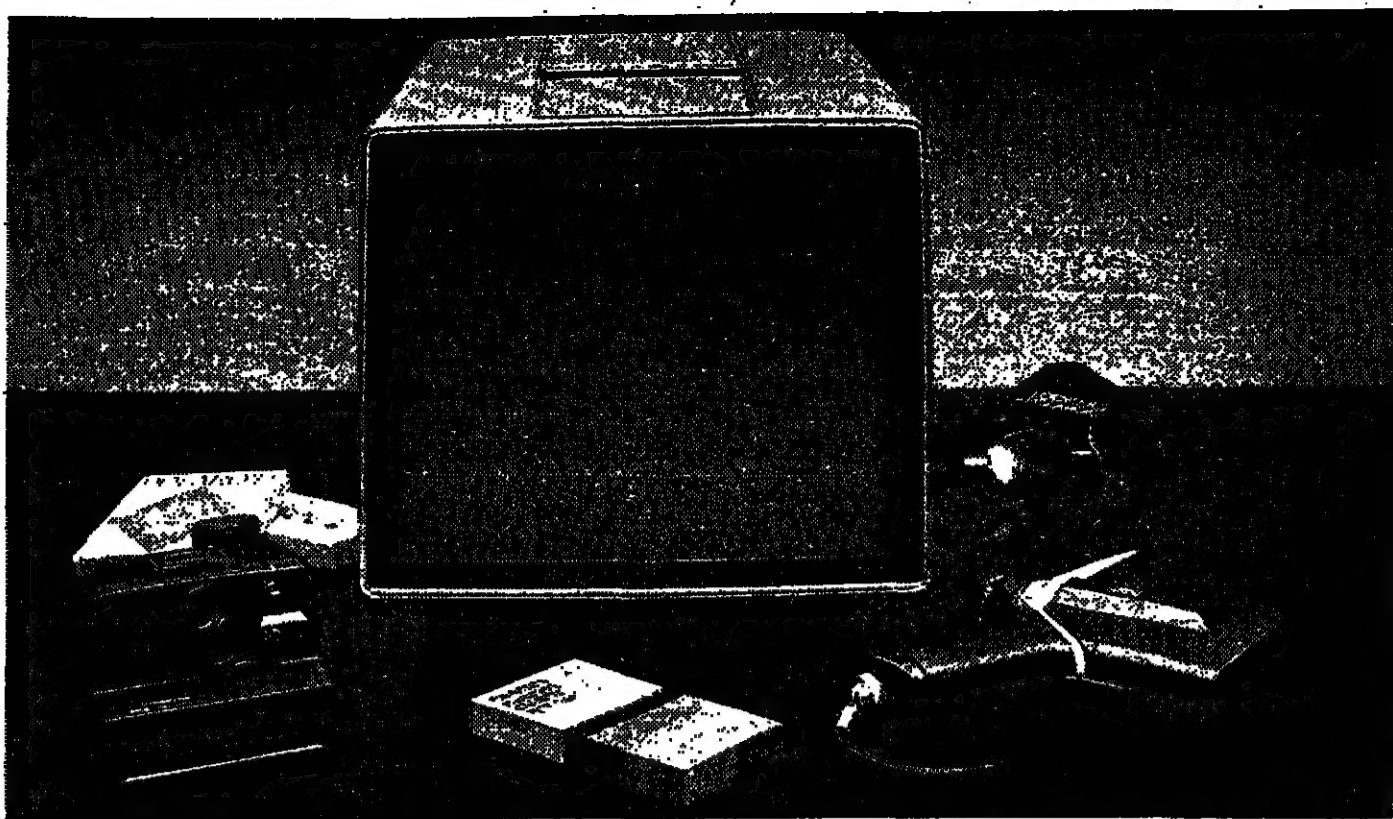
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And things are looking good for the runners up. Every week, for three months, we'll be giving away a Polaroid Sonar Auto Focus 5000 which produces instant colour photographs and guarantees perfect sharpness.

And for three other lucky losers there'll be a pair of Polaroid Sunglasses.

HOW TO ENTER
First, read through the holiday columns and find the answers to these three simple questions.

1. On what river lies an ex-bargees pub?
2. Despite its age, each bedroom has a bathroom—where?
3. Where might you meet a famous vet?

Now imagine that you are an exhausted Robinson Crusoe shortly after arrival on Desert Island.

Is the place all you had hoped for?

Admittedly it's scorching hot, secluded and the native is friendly. But don't the amenities leave something to be desired? Hotel not even partially constructed, night life a shade dull and the possibility of romance exceedingly remote.

All in all it doesn't add up to much of a holiday. So write a letter of complaint to the travel agency that has organised your stay there.

But beware. They're also responsible for your return and too harsh a criticism could leave you stranded. Best to make light of the matter. Humour them.

Then send us your letter. We must receive it by next Wednesday. So don't put it in a bottle, post it directly to The Times Summer Holiday Competition, New Printing House Square, Grays Inn Road, London WC1.

At the end of the competition all the winning entries will be judged again and the author of the most entertaining letter will receive the Polavision Movie outfit.

CONDITIONS OF ENTRY
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2. The decision of the judges is final.

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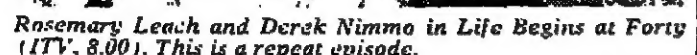
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RADIO

TELEVISION



WHAT THE SYMBOLS MEAN: †STEREO; *BLACK AND WHITE
(C) REPEAT.

HOLIDAYS AND VILLAS

هكذا من الزمان

هكذا من الأهل